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# East Europe Report

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29 AUGUST 1986

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## COMPUTER ANALYSIS, WEATHER DATA AID SELECTIVE PLANT BREEDING

East Berlin NEUES DEUTSCHLAND in German 4 Jul 86 p 3

[Interview with Prof Dr Arno Winkel, director, Institute for Plant Breeding Guelzow-Guestrow of the GDR Academy of Agricultural Sciences, delegate to the 11th SED Party Congress conducted by ND reporter Hans-Joerg Gloede, date and place not given]

[Text] ND: Since 1982 more than 10 million tons of grain are produced annually in the GDR. We know that last year it was possible to harvest 11.6 million tons, the biggest harvest so far. At an AGRA seminar, combine farmers, farm workers, functionaries of party and state pledged to stabilize and further improve these good results. What can you, as a breeder, say to this?

Prof Winkel: Like the collective farmers we are of course happy about the achievement, which was given proper credit at the 11th Party Congress and more recently by Erich Honecker during his visit to AGRA. Agriculture has increased its contribution to the national income with higher grain yields. Science has its share in this achievement.

## Science in Combination with Farmers' Hard Work

It was possible to combine new scientific findings more closely with the proven experience of farmers, and to lower yield differences. Through more intensive research and breeding, new grain brands with far better qualities could be provided for agriculture. I want to mention the winter barley brand "Borwina", named after the founder of the city of Guestrow, which is characterized especially by its high yield potential, improved durability and better hibernation stamina. In only 3 years after being licensed, it has proven itself superbly as the top brand on more than one fifth of the total winter barley acreage. This is also a contribution of the joint research program of the RGW countries. In the CSSR winter barley acreage is increasingly planted with this brand. In Poland it is also expected to be licensed.

ND: The 11th SED Party Congress set the goal of an annual grain production of 12 million tons. Looking ahead to the year 2000, the 11th Party Congress

emphasized, agriculture must also increasingly be developed into a branch of applied science. What does this imply for the Guelzow grain breeders, and what can combine farmers count on in the coming years?

Prof Winkel: Like other scientific establishments, Guelzow too has developed in recent years a considerable scientific potential. The 330 workers at our institute consider it their primary task to achieve even better results by utilizing this potential.

#### Rye Has Considerable Potential

An exact analysis of grain yields in recent years shows that in spite of all the success, there is still potential whose utilization now becomes a challenge of primary importance. For winter rye, for example, the lowest yield potential among all grain brands was achieved in actual growing practice. But in growth volume, winter rye holds second place among all grain brands.

On our test acreages we achieved yields of 90 decatons per hectare under optimal institute conditions. This kind of yield cannot, of course, be achieved everywhere right away. But practice shows that rye has more potential than the average yield of 36.5 decatons in our country indicates. During highest yield experiments an average of 65 decatons per acre was achieved on a 30-hectare field at the LPG Juergenshagen, Buetzow County, and the LPG Selbelang, Nauen County, and Kalkhorst, Grevesmuehlen County, achieved similar yields. We look at these highest yield experiments as the final step in research and the first step in practice.

We must now expand the results of our work as fast as possible. At the same time we must look, first in our own work, for the causes of unjustifiable differentiations. Causes of unjustifiable yield differentiations are, among others, drying tolerance, the lack of durability, and insufficiently staggered times for maturation. Intensive work is done to overcome these deficiencies. Through hybrid breeding, i.e. cross breeding combinations of different brands, a decisive breakthrough will hopefully be achieved also for winter rye. The result should be yield increases of at least 10 percent and also improved disease resistance and baking quality.

As a result of the evaluation of the 11th SED Party Congress, our collectives have pledged to increase the supply of productive brands especially for the lighter soils in northern parts of the country. Among these brands is a species of winter rye with improved resistance qualities and higher energy concentration in the grain, and also winter wheat with earlier maturation time and greater utility qualities. License is about to be granted to triticale. This is a feed grain with a higher protein content than rye. It was bred from a combination of rye and wheat.

#### Accelerated Practical Application

ND: "Science plus farmer's experience equal highest yields," says a well-known and highly relevant formula. What direct effect to the scientists of the Institute have on practical work?

Prof Winkel: For years we have worked closely with many farmers' collectives and state-owned farms, especially in Schwerin Bezirk, such as the LPG Plate, Koechelsdorf and Veelboeken as well as the VEG Guestrow. In these places we have a direct influence on the development and realization of highest yield concepts, we support the work of collective farmers and farm workers on their highest yield acreages, and we apply within the shortest possible time the most recent findings of science to practice on test acreages.

We want to increase this cooperation to a considerable extent. For example: our researchers are working intensively on the perfection of quality raps production so that we can continue the trend reached in our country in the turning point year 1985. In this work we use the most modern technology. We have developed office computer programs that enable us for the first time to make computerized analyses of partial stock inventories.

This means that the computers provided more and more for the LPG can be used by collective farmers as "production consultants" that provide them, according to concrete situations, with important advice, from soil preparation and seeding to fertilization and harvest. We are currently preparing this kind of software and will make it available to the LPG within a short time. I also want to mention that we are especially familiar with focal consultation points, and that we share with all LPG experiences in increasing soil fertility, in the cultivation and care of planted acreage and in optimal harvesting processes.

ND: Years go by before a new brand is bred and a tested and licensed grain species is produced. Millions of data must be gathered and processed in order to arrive at new knowledge. Is it possible to accelerate these expensive research and transition processes?

Prof. Winkel: Yes. Research can and must be intensified to a considerable degree. In our greenhouses, e.g., two crops are grown annually and that has resulted in considerable advances for research work. We are now working on new selection methods that will accelerate and stabilize selection processes.

We pay special attention to increased utilization of microelectronics, including modern computer technology. The development of new measuring methods, the improvement of analysis technology, and automatic data processing with microcomputer combinations have automated our laboratories and thereby increased by 60 percent work productivity in conducting chemical analyses for grain breeding. Measuring accuracy was increased, research capacity was expanded, material and energy expenses were lowered. And not least of all, the proportion of monotonous work was considerably decreased.

#### Weather Station Connected to Computer

Research technologists are currently working on a method to determine external physical qualities for each monitor display. This will considerably shorten research time. In the past months the rationalization department of our institute produced an automated weather station that is connected to a

computer, and a mobile data gathering machine. A focal point of our research work is the further development of biotechnological processes including gene technology.

Here at Guelzow we work on concrete problems. We are trying, for example, to implant for the first time value-determining characteristics, such as resistance and quality, from rye into other grain species.

All of our work focuses on giving our best effort to implementing the economic strategies set forth at the 11th Party Congress, so that the planned production of 12 million tons of grain can be accomplished and stabilized, and thereby the accepted competitionpledges be fulfilled.

#### PHOTO CAPTIONS

1. p 3. Albumen-rich fodder grain is produced by crossing wheat (triticum) and rye (secale). In accordance with the rules of botany, the Latin names were combined to form the new name triticales.

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## PARTY CONGRESS ANNOUNCES NEW 5-YEAR PLAN'S ECONOMIC STRATEGY

West Berlin FS ANALYSEN in German No 2, 1986 (signed to press mid-May 1986) pp 1-19

[Article by Kurt Erdmann with the (West) Berlin Research Institute for Inner-German Economic and Social Issues. Selected report dealing with the theme of Economic and Socio-Political Aspects of the 11th SED Party Congress. Original title: "Economic Strategy and the Economic System at the 11th SED Party Congress."]

[Text] 1. On the Preparations for the 11th SED Party Congress

The 11th SED Party Congress met on 17-21 April 1986 in East Berlin. SED party congresses (1) have always been subject to detailed management. Their organization includes a lengthy advance period, not only the actual event. In this connection I would mention a part of the traditional preparatory ritual in 1985,—an analysis by the SED CC secretariat on "important internal party events" (2)—that represents one of the preeminent measures related to the preparation of the 11th Party Congress. This analysis more or less directly addresses not only ideological uncertainties among SED members but also economic problems and functional weaknesses "in the management process." These suggest some interesting conclusions about unsatisfactory work ethic, work motivation and work discipline. None of these problems was really discussed at the party congress proper. We cannot be sure whether the subsequent special action involving a series of combine reports in various economic spheres, mainly industry but also construction and transportation, should be considered consequences of this analysis.

Shortly after the beginning of 1986, Carl Zeiss Jena, undisputedly the GDR's top combine (and undisputed not only by production propaganda), gave the starting signal by issuing a report reprinted on the front page of NEUES DEUTSCHLAND. (3)

The text supplied an account of plan targets and a voluntary obligation action in the socialist competition, primarily for the benefit of the party congress. It was couched in the form of a letter to "dear comrade Honecker." The letters are signed by the general director and, in some instances, enterprise directors also, usually by the SED CC party organizer and the chairman of the council of SED party secretaries, the chairman of the council

of FDJ secretaries and the senior labor union functionary and head of the collective of labor union chairmen in the combine. Disregarding this generally similar framework, the texts of the letters varied considerably. NEUES DEUTSCHLAND had published a total of 82 such "business reports" by April 1986 (4), the overwhelming majority of them originating with centrally managed industrial combines. When we classify the centrally managed combines in accordance with their respective industries, we get a quite remarkable result: Three industrial ministries (electrical engineering/electronics, machine tools and processing machines and chemicals), all considered pacesetters, were each represented by more than 80 percent (and even 90 percent) of their combines. All other industries lagged far behind, and their combines' involvement ranged from 63 percent (ore mining, metallurgy and potash) to 17 percent (district managed industry and food industry).

The various reports presented some selected economic data, usually percentage growth rates of recent years and the 1986 plan year and often summarized in a special table (such as commodity production, net production, net profits, exports, rationalization and construction); they also cited various plans. Some note should be taken of the cited proportion of SED members in the labor force. On the average this amounted to about 20 percent but there were quite substantial differences within the various industries.

Some spectacular rates of growth were recorded, specially for net profits, with regard to the 1984-1986 plan years or the 1981-1985 5-Year Plan period (top of the list: The Geological Research and Exploration Combine with an 849 percent increase in profits in 1981-1985) (5). The reasons differ among the various industrial combines. A good deal is due to price effects but also, lately, to newly decreed incentive measures such as price surcharges and extra profits. Detailed reports about special accounts relating to the conservation of raw materials, energy and imports from the West amounting to several thousand "valuta marks" underline their place value in enterprise efficiency calculations. We rarely encounter autocritical remarks, for example with regard to still unsatisfactory reductions of prime costs or failure to proceed with the internal construction of rationalization aids. The result for the GDR party and government leaders is the desired impression of a generally very successful SED "economic strategy" for the 1980's and also the confirmation of the success of the combine principle. A genuine appraisal of the earnings situation of the combines presented is usually impossible. Due to the lack of adequate data, it is very hard to study the further results of the economic units involved in this combine reporting.

Another element to be singled out in the preparatory stages of the SED party congress is to be found in various speeches by Gorbachev, the new CPSU general secretary. Against the background (from the standpoint of the SED) of a nicely working system of socialist planning in the GDR (6), these speeches included some harshly critical remarks on the Soviet economic system. They may well produce tension between SED policy—fairly free of criticism in recent years—and Gorbachev's call for radical reforms. Still, Gorbachev cited the GDR model as an example for the Soviet Union, (7) and the GDR economic leaders might therefore feel themselves justified, though many of the critical defects listed by Gorbachev are quite applicable to the GDR, too. Among Gorbachev's pertinent remarks are not only his demands at the 17th CPSU



Party Congress in February 1986 regarding the necessity for "a profound reorganization of the economic mechanism," a "radical reform"(8) but also and in particular his insistence that any reform must begin "by reshaping consciousness, by abandoning stereotypical thoughts and practices."(9) In fact the GDR lacks even the rudiments of such reconsideration, because any, even crucial information about economic issues has been systematically and increasingly obstructed in recent years. One topical example is evident abolition of a series of publications by the Akademie-Verlag: All reports of conferences of economists formerly published in the proceedings of the Academy of Sciences (10) were discontinued in 1986, though the conferences have continued.

## 2. Principal Reports and Profile of the Discussion

The date of the 11th Party Congress was officially announced at the 10th SED CC Plenum in June 1985.(11) According to a communique, party congress reports and materials, in particular the draft "directive," were confirmed on 11 April 1986 by the 12th SED CC Plenum 6 days before the party congress started.(12)

SED General Secretary Honecker and GDR Premier Stoph presented the principal reports at the party congress—the account of the completed 1981-1985 5-Year Plan period (13) and the explanations (14) on the "11th SED Party Congress Directive on the 1986-1990 5-Year Plan for the Development of the GDR Economy"(15). In between these two reports, CPSU General Secretary Gorbachev spoke as the guest of honor.(16)

Among the most important "work" documents of the delegates to the SED party congress were the above mentioned "directive" and a 150-page long report by the SED CC on the successes of the Honecker era, the final results of the past 5-year plan and the current economic situation as well as the outlook for the 1990's, entitled "The Successful Approach to the Organization of the Developed Socialist Society in the GDR. Figures and Facts. Compiled by SED CC Departments and the GDR Central State Administration for Statistics, April 1986." (17)

It is interesting to consider the list of GDR speakers in the ostensibly coincidental mix of GDR participants in the discussion on the one hand and the greetings and congratulatory addresses by foreign guests on the other. The discussion consisted almost exclusively of declarations of agreement, expressions of gratitude, examples of production and extra performance obligations. This profile of the discussion (18) confirmed the surely most careful choice of all participants consonant with GDR political and economic key issues. It was not by hazard, therefore, that two of the new Politburo candidates—Lorenz and Eberlein—were among the five first bezirk secretaries, the powerful "regional princes," to speak in the discussion. In addition (carefully graduated) the speakers included the secretary of a SED kreis management organization, the secretary of a basic organization and—for the first time at a party congress—a CC party organizer of a combine as the spokesman of the CC and chairman of the "council of party secretaries" in the combine. We can also provide an adequate analysis of the various other "groups" of participants in the discussion, for example the group of "state organs" (five ministers: Defense—the new Politburo member Kessler, Foreign

Affairs—Fischer and ministers in charge of three sectors of the economy), or general directors (two each from the sectors basic materials, capital goods, consumer goods and one from plant construction). The group of nine "workers" included someone working on the natural gas pipeline in the USSR and another one representing the Wismut Soviet-German Corporation. The large proportion of six representatives from the "science sector" included two presidents—Academy of Science, Academy of Arts—and clearly demonstrated the desired linkage between universities, scientific institutes and practical research in the economy. The eight participants from the "social" sphere ranged from the president of the Federation of Authors and a female mayor to a sportswoman who is also a university student. This is the group that included most women, because women are still the exception in top jobs.

In view of this orchestration it was surprising that Guenter Mittag, the SED economic expert, though acting as reporter of the commission for the "directive,"(19) did not provide a major contribution to the discussion on the further development of the GDR's national economy.

### 3. Notes on the Report and Directive

As had been the case at the 10th SED Party Congress in 1981, General Secretary Honecker's report on economic development turned out in some respects to be a personal long-term account of successes in the era of his leadership of the SED since 1971. Consonant with expectations and in addition to important foreign and domestic issues, the economy was one of the key issues of the party congress in the sign of the slogan "our chief battlefield is the union of economic and social policy."(20)

Honecker's account of developments in the completed 5-year plan period and his forecasts of the objectives for the next 5-year plan period through 1990 had little enough substance. Much was vague and nebulous and, as data were usually expressed as percentages only, they did not really mean much. Whether deliberately or not, it was left to Soviet General Secretary Gorbachev in his address a day after Honecker's report to point out the importance of autocriticism as a necessity for "real communists." Gorbachev said:

"The question is sometimes raised whether we have not exaggerated autocriticism, whether we might not thereby feed anticommunist propaganda? No, we are convinced that we have not exaggerated. Marx and Lenin taught us that a critical attitude to one's own work is an indispensable condition for the success of a revolutionary party."(21)

Both Honecker and, later, Stoph in his commentary to the directive, generally avoided mentioning difficulties. They were simply ignored in the euphoric party congress vision of an allegedly successfully working planned economy. Honecker fiercely endeavored to spread good cheer about the positive economic development achieved. Many of the data mentioned in his report cannot be interpreted at all without additional statistics or would require experts to decipher them. At the 10th SED Party Congress in 1981 Honecker had called for "an unprecedented economic performance growth...(to) safeguard our achievements in material and cultural fields"(22). For various reasons, the GDR economy was unable to carry out this demand. Of course, the GDR has

suffered enormous hardships since the early 1980's and, due to changed economic conditions, needed to tackle considerable restoration and consolidation efforts. In this connection the settlement of debt problems (23) was preeminent in the early 1980's. However, these were not the only reasons for the failure in essential fields to fulfill the very ambitious development targets of the 5-year plan through 1985, though percentage growth rates ranged from satisfactory to good. Still, the lack of clear data makes it extremely difficult to be sure about the actual volume and quality of economic development.

I am not going here to provide an exact statistical accounting of all economic results in the 5-year plan through 1985 nor a detailed interpretation of the GDR 5-year plan prospects through 1990. The following is designed mainly to indicate some principal trends of economic development. To make for better understanding of some of the growth rates targeted at the SED party congress and the "directive" through 1990, it is also necessary to explain the changes in the statistical bases of calculation. Another group of questions concerns the—albeit reduced—continued pursuit of measures for the perfection of the GDR economic system in the years to come, following on the GDR's efforts for rather extensive improvements in the past 5-year plan.

#### 4. Less Favorable Cost-Profit Ratio in the New GDR 5-Year Plan

Honecker's report cited selected data on the growth of the national income, goods production, investments, fixed assets, real incomes and retail turnover in the course of the past 15 years since 1971, claiming them as an important argument for the success of his "smooth flowing social and economic development." (24)

Since there were no other complaints, Honecker's proviso "despite all our successes, we are certainly aware that all we have achieved is by no means all we could achieve," (25) represented a relatively critical remark. Analogous to other values, data on the total national income produced in the 1981-1985 5-Year Plan (M1,087 billion at the new 1985 price base for which no statistics are yet available) must be considered against the background of changes in GDR statistics that have produced substantial shifts in, for example, the total economic cost-profit ratio.

On the foremost SED arguments for the success of the economic strategy of intensification put forward was the extent of cost reductions in recent years, in particular by annual savings of materials and energy. Even before this, an important criterion of efficiency was represented by the average 4.4 percent annual growth rates of the GDR national income, accompanied by less growth or even a decline in the production consumption of raw materials, energy and write-offs recorded in statistics. As a consequence of the price corrections and rising costs, its importance will increase even more through 1990, though less than expected was said about that at the 11th SED Party Congress. As has been the custom since 1975 at the beginning of a new 5-year plan, the 1986-1990 5-Year Plan period was given the new standardized statistical price base 1985 (before that the price base was 1980).



Just like 5 years ago, at the introduction of the 1980 price base (26), the value of the GDR's economic performance has deteriorated as a result of the changes wrought by this new price base, because the ratio of national costs for one unit of national income is much more unfavorable by comparison with the past (price base 1980). This trend was already discernible at the annual colloquium of the Research Agency for All-German Economic and Social Issues in February 1986.

The reasons for the comprehensive revision of prices and valuations can be explained in a few words. In recent years, the GDR economic leadership enacted several reforms to obtain "more realistic criteria" in the economy. The new prices were also designed to be more suitable for the international comparison of the costs of GDR products. Among the principal measures were gradual but far reaching annual price adjustments, a farm price reform, the revision of the valuation of almost all fixed assets of the GDR as well as the introduction of a kind of payroll tax amounting to 70 percent of the respective wage fund ("contribution to social funds"). Other changes affect "CENA contract prices" (27) and write-offs. All these corrections make for a new price standard of the enterprises, largely taken into account in a new statistical price base for 1985, with the changes taking effect as a rule on 1 January 1986.

At the 11th SED Party Congress, GDR Premier Stoph also emphasized that "production consumption" had declined in the years 1970-1985 "from 71.2 percent to 69 percent" of the GDR's so-called total social product. As we know, the value of the national income in the GDR derives from the difference between the total social product and the value of production consumption—to use a simplification. In the 5-year plan through 1985 the last officially reported ratio of national income to production consumption was roughly 37 : 63. Related to M100 national income, we thus get a "production consumption" amounting to about M171 (ratio 1 : 1.71). Following a change in the statistical data consonant with the new 1985 price base, the ratio for M100 national income also changed to a production consumption of roughly M223 (ratio 1 : 2.23) or more than 30 percent (see Table 1). This revision aims to reflect the cost situation at the beginning of the second half of the 1980's. As the end result of a valuation at the respectively valid price base in GDR statistics of the past 10 years, the cost-profit ratio has steadily worsened for the heading "national income." Table 2 offers an overview of changed statistical values due to a changed price base for the same 1970 in the course of GDR economic history. Upon conversion to the 1985 price base, the correction factor for the national income in 1985 increased only slightly by roughly 2.3 percent (1980: 6.7 percent), for industrial goods production with quality mark (Q) by 12.5 percent (1980: 23.9), for investments in the GDR national economy (see Table 3) by more than 21 percent or more than 2.5 times (1980: 8.2 percent).

Table 1--Ratio of National Income to Production Consumption 1970, 1980 and 1985 -- Price Base 1967, 1975 and 1985

Year	National Income to Production Consumption			
	Comparable Prices Price Base 1967	Price Base 1975	Price Base 1980	Price Base 1985 (2)
1970	1 : 1.54	1 : 1.54	1 : 1.84	1 : 2.51
1980		1 : 1.63	1 : 1.90	
1985(1)			1 : 1.71 (3)	1 : 2.23

Sources: GDR Statistical Yearbooks

Production consumption: Total social product ./ . national income including settlements for production consumption

- (1) Calculations on the basis of the plan fulfillment report (NEUES DEUTSCHLAND, 18/19 January 1986)
- (2) Calculations according to Stoph's statements (for 1970-1985--editor's note) (NEUES DEUTSCHLAND, 20 April 1986, p 3: "In this period, production consumption was lowered from 71.2 percent to 69 percent of the total social product.") and other statements at the 11th SED Party Congress
- (3) Production consumption estimated

**Table 2. Total Social Product, Produced National Income and Production Consumption of the GDR and Their Percentages and Ratios in 1970 to the Price Bases 1975, 1980 and 1985**

Price base	Total social product (GG)			Produced national income (NE)			Production consumption (PV)			NE/PV ratio	
	Mil-lion marks	Percent-age in-crease 1980/75 compared with 1985/80	Per-cent-age	Mil-lion marks	Percent-age in-crease 1980/75 compared with 1985/80	Per-cent-age of GG	Mil-lion marks	Percent-age in-crease 1980/75 compared with 1985/80	Per-cent-age of GG	NE/PV	PV/NE
1975	278.080	-	100	109.470	-	39.4	168.610	-	60.6	1:1,54	1:0,65
1980	333.640	+20,0	100	117.430	+7,3	35,2	216.210	+28,2	64,8	1:1,84	1:0,54
1985	420,919	+26,2	100	120.072	+2,2	28,5	300.847	+39,1	71,5	1:2,51	1:0,40

**Sources:** GDR Statistical Yearbooks

The values for the 1985 price base were calculated from various data given at the 11th SED Party Congress

Table 3--Investments in the GDR National Economy in Various 5-Year Plan Periods; Price Bases 1980 and 1985

5-Year Plan Period	Investments in Billion Marks			Investments in Industry(1)		
	Price Base 1980	Price Base 1985(2)	Percent-age Rise	Price Base 1980	Price Base 1985(2)	Percent-age Rise
1971-1975	207.2	251.0	21.1	105.6	123.0	16.5
1975-1980	264.1	320.0	21.2	134.7	156.9(4)	16.5
1981-1985	261.7	319.0	21.9	147.6(3)	174.0	17.9
1986-1990(Plan)		346.0				

Source: 1985 GDR Statistical Yearbook, p 105

(1) Industry and producing trades (excluding building trade)

(2) According to data provided at the 11th SED Party Congress

(3) Values calculated in part from data provided at the 11th SED Party Congress

(4) Constant percentage rate of the price correction estimated



Any appraisal of successful economic growth rates shown for the GDR must take into account these constant corrections, in particular because they may well more than overcompensate by price increases the savings achieved by certainly great efforts in the course of a plan period.

In view of the poor earnings ratio, Honecker's stated plan target of about M1.3 billion for the national income through 1990 shows greater realism than the 124-126 percent growth rate set in the "directive," because an annual rate of about 4 percent seems more realistic than 4.5 percent and more. A rise of as much as 128-130 percent had been projected for the past 5-year plan period. In that 5-year plan period the high growth rates for the national income arose largely from extremely radical savings, record farm yields and price effects that must not be underestimated. However, even disregarding climatic unreliabilities, there are definite limits to other indicators through 1990, specially as the result of cost increases in production consumption or other obstacles affecting the world market, such as the collapse of oil prices and a lower dollar exchange rate right at the beginning of the 5-year plan.

#### 5. Key Issues of the GDR's Economic Strategy

In addition to quantitative guiding principles, qualitative principles are among the major points in the SED general secretary's reports. Honecker officially considers the basis an allegedly well working GDR economic system requiring no more than minor corrections. Carrying on from the 10 key issues of economic strategy submitted by him at the 10th (1981) SED Party Congress, he now proposed an updated continuation of this program as the "10 key issues of our economic strategy for the development of the national economy with an eye on 2000,"(28) that is not present at least in this form in the "directive." The party congress documents amplify these points by additional facts and figures, guiding principles and numerical data. The following presents a small selection of these:

1. "The economic strategy of our party is designed to even more effectively combine the advantages of socialism with the achievements of the scientific-technological revolution that has itself entered a new stage."

In his report, Honecker calls in this connection for the production of 1 and 4 megabit storage switching circuits.(29)

2. "It is the purpose of our economic strategy to speed up the improvement in labor productivity. Our mastery of the key technologies must be reflected in this most of all."

The industry ministries estimate this on the questionable basis net production with a rise to 149-151 percent by 1990.

3. "Our economic strategy aims at securing production growth at a declining specific expenditure of raw materials and other materials as well as energy. The percentage of production consumption in the total product must continue to drop, and that will speed the growth of the national income."

Cited also are other plan targets--controversial from the environmental aspect--such as the increase in brown coal output from 312 million tons in 1985 to 330-335 million tons in 1990 as well as a rise to 15 percent in the contribution of nuclear energy to electricity production. Honecker also said that it is expected to, among others, produce aluminum from domestic raw materials.

4. "Our economic strategy includes the goal of achieving such production quality in our national economy as will conform to top international standards."

This rise roughly correspond to earlier targets not achieved in the past 5-year plan.

5. "Our economic strategy assigns a high ranking to socialist rationalization. It proceeds in great breadth and increasingly features the most modern technical resources. It thus represents the major approach to the improvement of labor productivity."

Evidently there is a persistent problem in the overestimate of the propelling power of microelectronics, robot equipment and CAD/CAM work stations.

6. "Our economic strategy is aimed at the greatest possible efficiency of labor."

The staggering of shift work takes first place here among other means of rationalization.

7. "Our economic strategy places significantly higher demands on investment activity."

The rationalization and modernization of existing plant represents the key here. The sphere of investments was already one of the major problems of the last 5-year plan. This time relatively more money is available (M346 billion), while the total of investments in the 1981-1985 5-Year Plan had declined slightly by comparison with the 1976-1980 5-Year Plan. By reference to the M63.2 billion planned for 1986 investments, the remaining rates should rise by an average of about 4.6 percent annually until 1990 (see Table 4). Taking into account the price rises, it is not yet foreseeable in how far real growth must be assessed at a lower rate. More than half the total of M346 billion is earmarked for rationalization investments in the producing sectors (M175-185 billion). According to party congress documents, rationalization in the processing industry is to achieve some 80 percent.(30) This certainly not very generous amount allocated to investments largely precludes the extensive investment push expected by some Western observers. On the other hand the scope of important innovation investments is also severely limited thereby, because new equipment and technologies require relatively large investments.

Table 4--Average Growth of Planned Investments in the GDR National Economy  
1986-1990 (1985 Price Base)

Year	1985	1986	1987	1988	1989	1990	
Billion Marks	62.0 (2)	63.2 (1)	66.0	69.0	72.2	75.5	Total 1986-1990 as per "Directive" some 346 (345.9)
Percentage Increase over Preceding Year		1.9	4.5	4.6	4.6	4.6	Investment Total (3) (1985 Price Base) 1981/85 Mj19 billion (100 percent) 1985/90 Mj46 billion (about 108.5 percent)

(1) According to 1986 Plan

(2) According to Plan Fulfillment Report for 1985

(3) According to data given at the 11th SED Party Congress

8. "Our economic strategy aims at an even stronger development of consumer goods production. The entire national economy will have to still more emphasize the production of demand appropriate consumer goods of excellent quality and in sufficient volume. Efficient capacities for doing this must be created and expanded in each combine.

The even stronger development of consumer goods production in all combines is a special key issue in Honecker's report and the "directive." The phraseology used clearly indicates the existence of bottlenecks and difficulties. The consumer goods program represents one of the preconditions for the next key issue.

9. "Our economic strategy is designed to achieve a steady and dynamic rise in performance. Our sociopolitical goals, the improvement of the people's and cultural living standards require strong and steady economic growth."

Against the background of the rapid advances in innovation required, the influence of the educational system on the economy obtains a greater place value.

10. "Our economic strategy is intended to steadily deepen intensively expanded reproduction and place it on durable foundations. This necessity derives from the objective development laws of socialism."

Scientific-technological progress or the technical-technological sphere of speedier innovations account for more than half the 10 key issues in the SED's "economic strategy" for the long-range development of the GDR's national economy. As Honecker explained, all expectations are geared to "top

international standards" and "easy maintenance sections" in "more and more automated factories" as well as rapid advances in various modern techniques and processes.(31) The SED hopes that this will result in an "unprecedented rise in labor productivity helped by equipment."(32) It is at present not foreseeable whether there is a realistic basis for expecting such results.

By comparison with earlier SED party congresses, the 10 key issues of the "economic strategy" and also the reports do not show any greater concern for the needs of the general public nor the lasting improvement of the standard of living.

The reactor disaster of Chernobyl in the Soviet Union occurred shortly after the 11th SED Party Congress and might turn out to be the first serious disruptive factor of the new GDR 5-year plan, because the accident may give rise to additional burdens (for example the need for GDR aid of various kinds).

## 6. Guidelines for the Economic System

Chapter VII, "Tasks Related to the Further Perfection of Management and Planning," of the "10th SED Party Congress Directive for the Development of the GDR Economy in 1981-1985" (33) sketched the relevant guidelines under eight main headings. In retrospect, most of the measures carried out in 1982-1985 fall under these main headings, though some problems and experiments are indicated by regulations quickly succeeding one another with reference to the same facts of the matter.

No comparable chapter is included in the "directive" of the 11th SED Party Congress. Merely some guidelines form part of a section in a subheading on the "realization of the economic strategy." They largely correspond to Honecker's exposition of the economic system at the party congress:

"The German Democratic Republic enjoys a well working system of socialist planning. This has been shown to be efficient, dynamic and flexible. Its elements and tools are directed to the realization of our party's economic strategy. Governed by the sign of intensification, it therefore does not merely encourage quantitative advances but above all demand appropriate production at the best possible quality and lowest possible costs ... Of course life demands of us to perfect earlier achievements. At the same time fundamental economic processes remain firmly in the hands of the state."(34)

The combines are deemed to be the "backbone" of the planned economy and decisive "catalysers of exceptional dynamism." Admittedly, nothing is allowed to touch the absolute leadership role of the party and state organs "in accordance with the principle of democratic centralism" and the consolidation of central management and planning. The "independent responsibility" of the combines is therefore limited primarily to responsibility for optimally fulfilling the plan. The range of indicators in the new planning order through 1990 bears abundant witness to strict central management. The rapid build-up of computer backed balancing systems conforms to the further stabilization of the earlier centralist model. These systems are to be "universally organized, from the State Planning Commission by way of the



respective ministry to the combines" and expanded in direction of a kind of central process control. All efforts at "real" or "incorruptible criteria" primarily serve better performance accounting; a trend to greater control by way of prices and the market is not discernible. The general abandonment of a catalogue of further reform targets through 1990 may well arise from uncertainty about future Soviet approaches to the reform of the economic mechanism and from the hope in the interest of greater efficiency to shelter the combines and enterprises by means of constant changes from potential losses due to friction in the current 5-year plan.

In the 40-year history of SED party congresses, this last one was certainly the congress with the least expression of criticism and reform proposals for the economic system and, therefore, more than ever nothing but a much polished sign board for the SED. Unfortunately unmistakable differences persist between the healthy socialist world extolled at the 11th SED Party Congress and the harsh economic realities in the GDR.

#### FOOTNOTES

1. See attachment for a compilation of the data of all SED party congresses.
2. "On the Way to the 11th SED Party Congress. Report on the Course and Results of Confidential Individual Talks with All Members and Candidates of the Party. The SED CC Secretariat Dealt with Analyses of This Important Internal Party Event," NEUES DEUTSCHLAND, 17 October 1985, pp 3/4.
3. NEUES DEUTSCHLAND, 7 January 1986.
4. See Hans-Dieter Schulz, "Profit Explosion at the Industrial Combines," HANDELSBLATT, 10 April 1986.
5. NEUES DEUTSCHLAND, 18 March 1986, p 4.
6. Ibid, p 8.
7. Gorbachov made the respective remarks in two speeches, one in Leningrad on 16 May 1985 and another one in Moscow on 11 July 1985. According to Radio Moscow on 21 May 1985, quoted by Radio Free Europe (translated from English), Gorbachev said in Leningrad on 16 May 1985:  
 "In 1966 I went to the GDR with a party delegation to learn about the party leadership's experiences in the work with economic reforms. I was most impressed by our friends' achievements up to that time..."  
 On 11 June 1985, he said (according to a BBC tape)  
 "The establishment of industry mergers must be helped along in every way. That is a very promising approach as shown by the experiences of our fraternal countries, mainly and above all the GDR."  
 Matthew Boyse, "The East German Experience and Soviet Economic Reform Options,:" RAD BACKGROUND REPORT/148 (Eastern Europe), 23 December 1985.

8. M.S.Gorbachev, "Political Report by the CPSU Central Committee to the 27th Party Congress of the Communist Party of the Soviet Union," PRESSE DER SOVJETUNION, No 3/1986, p 16.
9. Ibid, p 18..
10. This is the "W" series of the Proceedings of the GDR Academy of Sciences. Department for Publications of the Scientific Councils.
11. NEUES DEUTSCHLAND, 22/23 June 1985.
12. See NEUES DEUTSCHLAND, 12/13 April 1986.
13. E.Honecker, "Report by the Central Committee of the Socialist Unity Party of Germany to the 11th SED Party Congress," NEUES DEUTSCHLAND, 18 April 1986, pp 3-8.
14. W.Stoph, "11th SED Party Congress Directive to the 1986-1990 5-Year Plan for the Development of the GDR National Economy,": NEUES DEUTSCHLAND, 20 April 1986, pp 3-5.
15. Published in NEUES DEUTSCHLAND, 23 April 1985, pp 3-10.
16. M.S.Gorbachev, "We Are Loyal Friends and Allies of the SED, the GDR, and We will so Continue for All Times!" NEUES DEUTSCHLAND, 19 April 1986, pp 3/4.
17. Cited hereafter as "Figures and Facts."
18. Contributions to the discussion were published in NEUES DEUTSCHLAND from 18-23 April 1986.
19. Guenter Mittag, "Report by the Commission on the Draft of the 11th SED Party Congress Directive to the 1986-1990 5-Year Plan for the Development of the GDR National Economy," NEUES DEUTSCHLAND, 21 April 1986, p 14.
20. E.Honecker, "Central Committee Report...", as before, p 4.
21. M.S.Gorbachev, "We Are Loyal Friends...", as before, p 3.
22. E.Honecker, "SED Central Committee Report to the 10th SED Party Congress," NEUES DEUTSCHLAND, 12 April 1981, p 3.
23. See Maria Haendicke-Hoppe's article "Foreign Trade Prospects" (in this issue).
24. E.Honecker, "Central Committee Report...", p 4.
25. Ibid.

26. See "Order No 2 on the Supplementation of the Order of Planning of the GDR National Economy 1986-1990," GBl I 1986, No 14, p 186.
27. See Rurt Erdmann, "The New 1980 Price Base. Changes in GDR Statistics," FS-ANALYSEN, No 6/1982.
28. Source of the "10 key headings" quoted hereafter: "Figures and Facts....," as before, pp 24-27.
29. See "Figures and Facts....," as before, p 26.
30. See "Figures and Facts....," as before, p 26.
31. For details see the article by Klaus Krakat, "Electronization and Automation Planning in the GDR" (in this issue).
32. Quotations: E.Honecker, "Central Committee Report....," as before, pp 4/5.
33. See "Direktive des X.Parteitages der SED 1981..." [10th (1981) SED Party Congress Directive...], East Berlin 1981, pp 86-94.
34. NEUES DEUTSCHLAND, 18 April 1986, p 5.

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## ECONOMISTS DISCUSS INTANGIBLE FOREIGN TRADE, LICENSES, PATENTS

East Berlin WIRTSCHAFTSWISSENSCHAFT in German Vol 34 No 3, Mar 86  
pp 420-427

[Article by Karla Hahn/Birgit Heinze: "On the Development, Management and Planning of Intangible Foreign Trade in the GDR"]

[Text] In May 1985, a scientific colloquium on the above-stated subject took place at the foreign trade section of the "Bruno Leuschner" College for Economics. This conference was attended by 61 scientists, representatives of industry, and students, among them representatives of other scientific institutions of the GDR, colleagues of state authorities and ministries as well as representatives of combines, foreign trade enterprises and consulting firms.

The colloquium was opened by the director of the foreign trade sector, Prof Dr Luft. In her opening speech, she emphasized the objectively growing importance of intangible foreign trade and stressed the following aspects in particular:

1. The factors influencing foreign trade dynamics are undergoing a process of change. As a consequence of the resource-economical type of economic growth, accompanied by comprehensive restructuring of productive forces, major impulses come more and more from the exchange of "products of the human mind." While raw materials, fuels, materials, and industrial capacities are subject to certain limitations, the resource "work capacity of society" is almost unlimited with regard to the level of qualification, quality of utilization, and use of the labor force.
2. Comprehensive intensification leads to the situation where in foreign trade there is not only demand for finished products, but increasingly, demand grows stronger for reconstruction and efficiency performances, and for programs and know-how.
3. The strategy of guaranteeing the technical and economic inviolability of the socialist economy demands more and more the development and reciprocal exchange of one's own scientific-technical solutions. Here, also, there is the trend of a stronger role of intangible exchange in the reciprocal foreign trade of the CEMA countries, and also increasingly in foreign trade with developing countries.

The colloquium was based on theses developed by Prof Dr Hauke and Dr Hahn of the College of Economics, in which the following comprehensive conceptual definitions were presented for the first time:

"Intangible foreign trade is a component of the total foreign trade of a socialist economy and comprises international exchange processes on a commercial basis, whose object is results and performances of a primarily mentally creative character exported or imported in a direct form, whereby their material shape does not represent the actual utility value. Intangible foreign trade can be connected with material deliveries, or can appear as an independent trade operation. Its main elements are:

—Exchange of scientific and scientific-technical results, which appear in material substrata and can exhibit a varying degree of materialization (for instance, documents, samples, substances), and

—Exchange of scientific, scientific-technical and other intangible performances tied to the person executing them, whereby their results can be materialized in the course of achieving the performance (for example, in studies), or can lapse in the activity (for example, training)."

Based on the theses submitted, Hauke presented an introductory paper entitled: "On the importance of intangible foreign trade for the GDR economy under the conditions of intensively expanded reproduction, and on current issues regarding its management and planning." Starting with establishing the place of intangible foreign trade, Hauke prefaced her further remarks with the following assessment of the development up to now:

—The individual forms of intangible foreign trade have further crystallized and stabilized; they have become a solid, irremovable component of international exchange, whose importance grows particularly in the implementation of innovation processes.

—The growth rates of sales of individual forms of intangible foreign trade are still rising or maintaining their dynamism, respectively, so that evidently the market has not yet reached a saturation point, and the introduction of new techniques, basic solutions, etc., gives new impetus to the market.

—The conjunction of intangible and material export has become compelling and is characteristic of modern foreign trade.

In explaining these theses, it was reconfirmed that principles, conditions, laws, etc., which were valid for foreign trade up to now, also apply to intangible foreign trade. However, consideration of specifics is a necessary outcome of the nature of the goods and of the inclusion of results and performances from sectors which until now had not been a part of foreign trade activities.

Intangible foreign trade in the unity of export and import must be used as a factor to accelerate all scientific-technical progress and to increase economic effectiveness, whereby differing effects can appear, each tied to the export or import function, respectively.

With the help of exports, foreign currency can be earned, a chance of amortizing research and training expenditures is created, and effects can be used for opening up and maintaining markets. Imports, on the other hand, offer the possibility of saving research costs, time, and capacity, as well as access to new findings, the general task consists in utilizing intangible foreign trade as a factor for intensification in all its ramifications.

The CEMA countries have the task of purposefully using their scientific-technical potentials in the interest of accelerating scientific-technical progress. This means for the problems to be studied in this context, direct cooperation—based on specialized potentials—must be further promoted through the exchange of scientific-technical findings and performances, and intangible foreign trade must be consciously developed in its differentiated forms.

Progress achieved so far was evaluated positively by Hauke, such as exports of educational and continued education services, but at the same time he pointed to still existing reserves in comparison with other highly developed countries. Efforts to open up new sources must be combined with a further increase in effectiveness. In this context, Hauke dealt with questions of the structural development of intangible foreign trade with regard to types of performances and scientific-technical standards. The complexity and close connection of intangible and material exports were stressed in particular. Immediate demands on management and planning derive from them with regard to internal cooperation, plan requirements and accounting, as well as stimulation. Also closely linked are questions of coordinating all activities tied to intangible foreign trade, particularly work on market and foreign currency prices between exporting and foreign trade enterprises.

In conclusion, Hauke dealt with problems of personnel, material and financial safeguarding of intangible foreign trade deals.

The discussion showed agreement with the fundamental statements of the theses and the introductory paper. Based on that, an interesting and lively exchange of opinions and experiences took place, particularly concerning the following complex of problems:

--Fundamental questions of present performance and planning of intangible performance exports, and increasing its effectiveness;

--Management, planning and organization of internal cooperative relations between exporting enterprises of productive and non-productive sectors, as well as foreign trade enterprises and consulting firms;

—Problems of foreign currency and internal pricing, and determining effectiveness;

—Demands on complex market research;

—Tasks of scientific-technical legal protection in a further increase of intangible performance exports of the GDR.

Dr Szalkiewicz, State Planning Commission; Straubinger, Central Office for International Licensing Trade; and Bauer, Ministry for Foreign Trade, spoke on questions of management and planning of intangible exports on the central government level. Starting with the decisions by the Party and government on further promotion of exports in this area, they unanimously stressed the need and possibilities for opening up all potentials for the effective utilization of all mental-creative work. Incorporated in the structural development of the material exports of the economy, the export of intangible performances is an additional, direct opportunity of using these results. It requires strengthening of long-term conceptual work in this area, and complete inclusion of intangible performance exports in the scientific and foreign trade strategies on all performance levels. This also includes taking into consideration these potentials and their planning in all phases of utilization (as intermediate and final results) of the research and development process.

On the basis of an assessment of the present level of intangible performance exports of the GDR and an evaluation of its structural development, particularly in connection with the material exports of the national economy, Straubinger explained in her paper the tasks of the Central Office for International License Trade in the process of management and planning of this sector of foreign trade. She explicitly dealt with the growing importance of increased effectiveness due to the supply of qualitatively valuable scientific-technical results by combines, plants and other institutions as well as improved market research, in particular with supply activities and constant work with customers. She pointed out the growing demands on management, planning and organization.

Starting with present regulations on the management and planning of intangible exports and current experience, Szalkiewicz in his paper also dealt with continued perfecting of planning methods in this area, and allowing these deliveries including ancillary deliveries as part of the plan fulfillment. He emphasized object-directed management and planning under over-all economic aspects. This also includes safeguarding smooth cooperation between exporting enterprises in the same or different sectors, and between exporting and foreign trade enterprises. In this context, Szalkiewicz also discussed allowing performances at certain stages of cooperation as a part of plan fulfillment, whereby it must be assumed in principle that the regulations governing planning and accounting of material exports must also be applied to intangible exports. On the basis of these existing regulations, he developed thoughts on differentiated handling of making such allowances according to the chain



of cooperation, differentiated according to vertical or horizontal cooperation.

Based on the objective character of scientific and technical international exchange and its implementation, transmitted largely through foreign trade, Bauer pointed out the resultant demands, new in content, method and organization, on the complex management and planning of foreign trade and stressed that the regulations created for this purpose have proven themselves in principle. At the same time, it is necessary to study further a number of individual issues and to find solutions for them in close collaboration between all responsible institutions of foreign trade, industry, and scientific institutions. The close connection between planning, plan implementation and accounting must be safeguarded. A focal point must be coordination and registration of state tasks in order to strengthen and further develop the position of intangible performance exports as an important qualitative and quantitative structural element.

A further focal point of the discussion was domestic pricing and, linked to it, measuring profitability. On the basis of existing regulations, Brechlin, Price Office, described the experience so far and emphasized the principle of covering real expenditures. Studies carried out do not show a need for further differentiation of the calculation parameters according to industrial sectors and areas. Brechlin also pointed to the present methodology's effect of lowering costs.

Hauke; Richter, of the Quality and Fine Steel combine; Dr Herrling, of the foreign trade enterprise intercoop; and Steffen, research office of the Ministry for Science and Technology, starting with the role of operating costs, described in their papers the differing effects of domestic pricing on enterprises or institutions working on the basis of economic accounting or public financing. Simultaneously, the necessity of profitability calculations as well as ex-post-facto costing was emphasized in preparing and concluding agreements. Hauke pointed out the totally different functions of foreign currency pricing and domestic pricing, and the ensuing need of not mixing the two methods and principles.

In their papers, Dr Jakob of the Ministry for University and Technical School Affairs, and Richter and Hentschel of Electro-Consult, dealt with specific questions of intangible performance exports within their areas of responsibility.

Jakob reported on experiences in developing export concepts for the area of the Ministry for University and Technical School Affairs. The focal points of its qualitative and quantitative development to 1990 were formulated on the basis of the major processes of education and training as well as university research, and the present structure of intangible performance exports. Differentiated for the individual types of performances, guidelines were established for preparing competitive export projects by universities for the future structure of countries and customers. In his further remarks, Jakob also dealt with the necessity of long-term and continuing market research and presented the experience

accumulated so far in this area by the Ministry for University and Technical School Affairs. In this context, he particularly stressed the role of market and demand research and the need for increasing the capacity to react to customer demands. In conclusion, he pointed out that the management and planning structures for intangible exports created within the Ministry had proven themselves.

Richter added to the statements on long-term, strategic work and emphasized that intangible performance exports must be included more strongly in the combines' foreign trade and science strategies, thus covering and safeguarding the inherent connection in the respective plan sections. Concepts developed by the combines on increasing exports--in the unity of material and intangible deliveries--should be constantly analyzed by the respective ministry sectors and, at this level, ratios should be established between requirements and potentials, including material-technical and personnel safeguarding.

On the level of combines, Richter pointed to the development of intangible exports, differentiated annually in value--this statement was emphatically supported by Placek of the Schwedt Petrochemical combine, among others--and to the respective consequences for plan requirements, simultaneously justifying the need for objective-directed planning on the industrial sector level. In conclusion, Richter stressed the need for constant market research, derived in particular from the character of these export objects, greatly in need of explanation.

Starting from the task-setting and structure of consulting firms in the GDR, Hentschel dealt in his paper with activities and demands on market research, using Electro-Consult as an example. Based on the actual demand structure under the aspect of effectiveness, he presented considerations on concentration with regard to major target countries as well as the range of supplies. A second focal point of his remarks was questions on further improvement of internal cooperation relations. He pointed in particular to the need for rapid capacity availability arising from short-term tasks and the responsibility of general suppliers during the preparation phase. Further efforts must be made in order to provide partly gratis prior work during the stage of tender preparation, as is customary internationally. In conclusion, Hentschel outlined demands on management and planning of consulting firms, particularly under the aspects of internal cooperation, price calculation for the consulting firm's independent performances, and financing of consulting firms, taking into account the great amount of prior work involved. Regarding investment exports, he reminded that by international standards, an average of 3 to 6 years pass between providing the consulting performance and actual export of the investment and that, therefore, if there is interest in the business transaction concerned, and from an economic point of view, high demands are placed on managerial mastery of the over-all process.

Dr Ronte, Technical University of Dresden, addressed in his paper the experience and problems in further increasing the proportion of intangible performances among investment exports. He underlined particularly the role

of intangible exports derived from the export strategy of the combine, where it is first of all a matter of increasing, in total export volume, the share of those goods fundamentally linked to intangible deliveries, and secondly, to increase qualitatively and quantitatively the share of intangibles within the range of goods of investment exports linked to intangible performances. Such a strategy in the system of management and planning of exports is stimulated by the fact that the proportion of intangible deliveries is fixed as a separate plan indicator. Ronte also stated that the growing diversity of intangible performances requires a correspondingly differentiated determination of its economic effects, needing a study of expenditure, use and price at the buyer's and seller's level. In conclusion, Ronte emphasized that the growing size of intangible performance exports also places high demands on planning and accounting of the capacities necessary for these shares of investment exports, particularly under the aspect of internal and sometimes sector-crossing cooperation. Simultaneously, there must be a system of proof of binding agreements, implementation control, and rendering of accounts of such exports which, as in the case of planning, seems to require individual recording of each transaction with regard to implementation and accounting.

A further focal point of the colloquium was the tasks of legal protection in developing intangible performance exports in the GDR. Prof Dr Winkelbauer and Dr Bourcevet, both of the Humboldt University Berlin, addressed this complex of problems.

Winkelbauer first spoke about the demands of scientific-technical protection of legal rights in the development, management and planning of intangible foreign trade in the GDR and stressed that the field of activity of protection of legal rights includes the entire process of innovation and reproduction. This is also proven by the results of studies in combines and foreign trade enterprises of the GDR. Under the aspect of scientific-technical protection of legal rights, which influences the attainment of intangible results and performances, their protection as well as their application, it is of decisive importance that it become effective in direct reciprocal action with the activities required within the framework of the innovation process. Winkelbauer pointed to a causal chain in the patent statistics of capitalist industrial countries: patent application and rate of patent grants, number of key patents and foreign trade volume of the respective country or position of the enterprise, directly related to these data. This connection makes clear that the foreign trade position is more and more characterized by its inventory of innovations and its rate of change, and that the legally protected innovation inventory offers greater safeguarding of competition and effectiveness. In conclusion, Winkelbauer dealt with methods of work on protection of legal rights (situation report on rights of protection, analysis of rights of protection, declaration of freedom from defects in title and concept of protection of legal rights, secrecy and examination of extent of protection).



Bourcevet spoke on the use of rights of protection work for increasing the effectiveness of intangible exports to the non-socialist economic area and stressed in particular the tasks of market research, especially market research in preparing licensing transactions. On the basis of international experience and analysis of capitalist practices in this field, respectively, he proved that the position of patent applications in technology transfer are a means of analyzing one's own developments or intended business deals, and an important means in competition, and derived conclusions for work on protection of legal rights in the GDR in the interest of further increasing intangible exports.

In his concluding remarks on the colloquium, Prof Dr Schulmeister, director of the science field of foreign trade relations, thanked the participants for the interesting and most useful discussion. In a short summary of the major results of the colloquium, he stressed that theses and discussion have made a constructive contribution to scientific generalization of findings and experience gained so far in theory and practice. Thereby they had corresponded, both in subject matter and course, to the demand emphasized by Erich Honecker at the 9th session of the SED Central Committee, namely, to utilize even better the intellectual potential of our republic in order to master the tasks of comprehensive intensification and to prepare the 11th Party Congress of the SED in a worthy manner.

Under the aspect of management and planning of intangible foreign trade, Schulmeister explicitly stressed as the major insights of the colloquium:

1. Intangible foreign trade must be conceptualized and developed as an integral component of GDR foreign trade. This characterizes its position in foreign trade strategy and in practical foreign trade activities. It is to be developed in close conjunction with material foreign trade. Sales and market strategies which plan these processes separately and isolated from one another, result in losses of effectiveness and fewer sales possibilities. This holds true for material production as well as non-producing sectors of the national economy.

2. In developing intangible exports, it is important to make greater use of the advantages of a planned socialist economy. The socialist status of ownership and central state management and planning, combined with independent management and planning on the level of combines, enterprises and institutions, as well as foreign trade enterprises, make possible

- long-term conceptual work on development of intangible foreign trade as a component of economic and scientific strategy,

- a complex development of intangible foreign trade,

- close linking of management, planning and economic stimulation in this field.

In conclusion, Schulmeister stated that during the period 1986 to 1990 also, a focal point of research for the foreign trade sector will be the subject "Development and position of intangible foreign trade and scientific-technical relations in the system of foreign trade, and its utilization for the intensively expanded reproduction of the economy of the GDR."

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## NEW REFORM COMMISSION TASK FORCE DISCUSSES INFLATION

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[Report by Krzysztof Bien on first meeting of Pricing and Incomes Policy Levers Task Force of the Economic Reform Commission, held on 28 April 1986]

[Text] The first meeting of the newly appointed Pricing and Incomes Policy Levers Task Force of the Economic Reform Commission took place on 28 April. Franciszek Kubiczek, first vice-chairman of the Planning Commission and secretary of the Economic Reform Commission, introduced those attending to Prof Kazimierz Ryc, vice-director of the Finance Institute, who was named chairman of the task force by the president of the Council of Ministers.

The need to appoint such an advisory task force, said minister Kubiczek in his introduction, has been obvious for quite some time. It is dictated by immediate as well as long range needs in economic policy. We presently expect opinions, comments and supplementary proposals on the published draft of the next five year plan from all the task forces of the Economic Reform Commission. In addition we anticipate from the Pricing and Incomes Policy group formulation of opinions on inflationary perils and methods of counteracting them against the background of menaces to the National Socioeconomic Plan for the years 1986-90 and evaluations of the operation of formulas for generating funds for wages in industry in light of the growth of incomes.

From the broad, many-sided discussion that followed, we chose the opinions and comments which dealt directly or indirectly with the question of the sources and methods of counteracting inflation.

Prof K. Ryc: We have had to deal with inflation, with inflationary pressures for some time, actually constantly. They appeared in acute form in the 1980s. In connection with this we should consider certain forces in the area of income and price policy that lead to the poorly controlled growth of both, which in the end leads to inflation. In the field of prices, there are problems of restoring stability, compelling economical use of the elements of production, stimulating production, problems of empty increases, e.g., price increases that elicit subsequent price increases, which leads to "indexing" in the area of prices.

We are aware that the economic mechanism itself, which is animated by economic reform, does not protect the economy from inflation.

We should also consider how fast to move away from inflation, so that the fight against it does not lead to intensification of suppressed residual inflation. So that we do not replace one kind of inflation with another.

Marek Misiak, ZYCIE GOSPODARCZE: Looking at Central Office of Statistics indicators for the past 16 years, one can see that inflation is growing because of a lack of support for specific rules for establishing the level of wages in various socio-economic sectors.

Today people would like to go back to 1981 wages but at the same time do not want to have the consumer goods drama of that time.

Docent Brunon Gorecki, Economic Studies Department, Warsaw University: In recent years we swallowed instrumental solutions in the belief that economic reform would take care of everything and we neglected those developmental elements that are inherent in social structures. An example is concentrating on prices, on seeking formulas, not on verifying what effect the established income structure has on development. That is why I would devote more attention to this problem.

In analyzing the issues associated with inflationary perils, in seeking formulas, it seems to me that we are completely overlooking analysis of the branched structure of the wage intensiveness of consumer goods production. This same consumer goods production, merely through changes in the branched structure of production, initiates different income flows. We have conducted research on this subject in the Internal Market Institute Task Force. It appears that emphasizing a faster pace for the growth of production of industrial goods, besides generating a more appropriate supply structure than in the current imperfect state of the market, would also lead to rapid closure of the inflationary gap. This occurs because such is the branched structure of wage intensiveness. In this way we can greatly shorten the period for reaching stability.

It seems we should also be concerned with the issue of the elasticity of crucial prices, the question of how much the demand in a set of needs of a specific kind changes when the price within another set of needs changes. With a lack of market stability, a moderate rise in food prices, for instance, will promote restoration of equilibrium in other markets as well. This has the additional advantage of saving money in household budgets toward consumption of durable goods. This leads to very regular pricing systems.

Finally the matter of the supply structure. Pricing policy should be conducive to stimulating production and at the same time protect us from the paradoxical increase in the prices of certain industrial goods, if only because they are in short supply at that moment. Their scarcity at that moment does not mean that a certain number of households will discard these products forever from their list of needs.



I would see far-reaching effects in change in the supply structure. Dr Aleksander Welpé, Institute of Econometrics and Statistics of Lodz University: I would like to venture the argument that a return to stability cannot be separated from the issue of price restructurization. The fact that food prices are disproportionately lower than the prices of industrial goods, especially high tech goods, places us in the ranks of poor societies. Duplication of this structure leads to waste of food. But an increase in food prices leads to at least three direct gains.

The first is elimination of objective subsidies. This is a benefit at the macro level. The second is growth in interest in conserving food products at the household level. The third effect, about which docent Gorecki spoke, is that an increase in food prices would promote a return a stability in the non-food market. It seems to me that there is no component showing concern for restructurization of the pricing system in the steering mechanism for implementation of the National Socioeconomic Plan.

Prof Remigiusz Krzyzewski, Administrative Department, Warsaw University: I would like to touch on the issue noted by minister Kubiczek in his introduction, namely at whose expense to close the inflationary gap. This is a very important question. First it appears we will be living with inflation for a long time and it is necessary to learn that. What does this mean? It means to define who will pay for it and how. The biggest dilemma is whether to pass it on to industry or to the consumer.

Up to now inflation has been passed on to industry; that is, it ate up the funds that industry was supposed to allocate for development. The bases of the 1986-90 plan stipulate the opposite--the need for renovation of durable resources. So we face the problem of passing inflation on to the households. But in practice we have the opportunity for such action only in a few classes of households. The decision makers are facing a very difficult problem.

Today I am leaving this question without an answer. We are just now having to take aim at resolving these issues. And signal some direction for solutions. This is not only an economic problem but a socio-political one as well. It is necessary to remember that we are dealing with yet another barrier, a materials and techonological barrier, in industry that does not permit an increase in productivity by people employed in the socialized economy which would increase incomes over and above the growing burden on household budgets.

Great emphasis has been placed on tax relief in the instrumentation of the plan. Relief in income tax, turnover tax and depreciation are mentioned. There are scores of situations in which it can be granted. This is therefore an instrument to which much significance can be imputed. But tax relief is relinquishment by society, by individuals, of part of the income that should be made. That are allocated in turn to the entire non-material sphere, to the stable, hard-to-penetrate sphere of the protective umbrella. So if we use a tax relief system, then along with it we must introduce additional sources of budget revenue to cover the costs of that relief. Perhaps it would be better to take what is due and give subsidies?

But if we have subsidies, then there is the question of how to apply the subsidy system in order not to waste money and to produce the desired result. In practice we have objective and subjective subsidies. The effects of the latter are well known. But as far as objective subsidies are concerned, one could use the criterion of the plan of production or final, finished product that comes off the machines or finally product sold.

Three different systems, three different results. The first system is absolutely the most wasteful. We have been using it for many years and there is no sign of a change. There is discussion about changing subsidies from subjective to objective but that is another matter altogether.

I am of the opinion that in the future we should tie subsidies to final, sold product. Sold in the sphere of foreign or domestic trade. This would change our entire economic account.

Kazimierz Rusinek, vice-president of the Central Office of Statistics: Against the background of the new situation emerging as a result of introducing five formulas for establishing taxation of wages, we are in fact ignorant and blind. The Central Office of Statistics is completing accounting for liabilities to the National Vocational Mobilization and Retraining Fund [PFAZ] for 1985. However, the accumulation of this data does not afford an explanation of all the mechanism producing just such differences in the growth of wages.

As of this year the new formulas for the bases of taxing funds for wages are in effect. I think the governing boards selected these formulas in a subjective way, e.g., a way that would be relatively the safest for industry. This can cause a number of surprises in the sense that the mechanism that in theory were to keep watch over wages can turn out to be ineffective and the money will start to slip away from us horribly.

That is why it would be good already now to have at least an initial view of how this issue looks based on the example of at least a selected group of industries. I see this as a fundamental issue because in the fight against inflation, in my opinion, putting wages in line is decisive; in other words, economizing wages so that they cease to be a purely social category.

On the basis of various calculations I have come to the conclusion that throughout the past 40 years, we have made a mistake in remunerating growth in productivity at a higher rate than is economically justified. It is an economic barrier to pay for labor at the rate of .35 percent and for growth in productivity of 1 percent. In recent years we have had a rate of compensation of almost one to one.

But at the same time wages vary. The ratio of average wages among individual industries in the same branch is sometimes three to one. Attempting to explain this phenomenon using indicators of the productivity increase kind is no help. We do not know how to define what part of the difference comes from the actual product of the industry and what part from various "nudging." This produces a feeling of social injustice; the people on the other side of the fence make more money. Hungary, for example, has a very even inter-branch wage ratio.

Here personnel are always referring not to their own factory, but to their neighbor's. This takes attention away from improving productivity in one's own plant and elicits enormous pressure for relief.

Kazimierz Ryc: The first tryouts from the point of view of inflationary perils show that this year proceeds are heading for 20 percent annually, which would mean that the comparable indicator for price increases should be not 13 but 18 percent.

Prof Michal Winiewski, Institute for Labor and Social Affairs: It seems that first of all there are too many levers. Good plant managers use computers to establish how best to circumvent these levers. And exploit them for their own purposes. And they goal they set is obvious—how to obtain the most income at the lowest price. It is not only a matter of relief. There are also subsidies; there are funds then discussions and tryouts of what is most comfortable begin. Then it turns out that solutions are often contrary to each other. Thus the fundamental question—do we have too many levers.

Although or perhaps because there are too many levers, the government has little influence on what affects inflation, on industry, on prices and wages. But there is an area where the government really does have authority. This concerns the budgetary and social spheres. In these areas plans are implemented. Elsewhere there are excesses of expenditures. This produces the phenomenon of the growing gap between what can be controlled and what cannot. To the detriment of weaker groups.

Kazimierz Dzienio, director of the Task Force on Employment and Population Income of the Planning Commission: How have the governing boards treated the issue of formulas? If we count on the weight of employment, then more than 39 percent of those employed are included in the threshold formula. In second place is the standards-growth formula with one percent less. The third is the shareholding formula. In fourth place as far as scope is concerned is the formula for individual taxation. It includes about 500,000 employees. The profit formula is completely marginal. About 60,000 employees are covered by it. No more than that were interested.

What were the points of pressure on the part of industry? Where before there were major liabilities to PFAZ, everyone is rushing to the individual formula, seeing in it an opportunity to gain profits. Here the center resisted. Because this formula had been assigned mainly to scientific and research institutions and planning offices, in individual cases and for verification in other areas. There was a general flight from the standards and growth formula to the threshold formula, for in accounting this formula turned out to be more favorable than the growth formula. So one can see from this that the governing boards approached the issue of formulas not from the angle of restraining wages but rather from the angle of the industry's advantage. There are already some analyses of trends in the growth rate of wages for the first quarter of this year. If present trends continue, average wages would rise at the rate of 18.5 to 19 percent annually. This would mean exceeding the wage fund by 150 to 150 billion zloty in relation to the National Annual Plan. And the high growth rate of wages in the tangible sphere will automatically begin to pull the growth of wages in remaining areas along with it.



Prof Leszek Borcz: I must say that the levers we are discussing today constitute major progress in relation to the solutions that have existed thus far. But where does the problem lie? Wages are in general a tool for efficient management. But since up to now there have been no systems-type solutions and there are none that would force efficient operation on industry, then under these circumstances it is difficult to generate a wage mechanism that would solve this problem in place of systems-type solutions.

Moreover there is a fault in our economic practices essentially appearing between the income and cost functions of wages. This means that there was, is and will be emphasis on wages. There are no mechanism here, no forces interested in the cost function of wages. The capitalist pays as much as he has to; we pay as much as we can. That is the truth.

Under these circumstances, the entire intellectual effort should move in the direction of seeking and introducing pro-efficiency solutions into management and industry. Without solving this fundamental problem, fragmentary issues that are merely subordinate to these overriding goals will not be resolved.

Wieslaw Jasinski, director of the Department of Income Polish of the Ministry of Labor, Wages and Social Affairs: In the ministry we have concluded the processing of assigning specific formulas to industries. The specified deadline, 31 January, has been met. But later there came an avalanche of cancellations, mostly on the part of the governing boards and later directly from the industries, bypassing the governing boards.

Of course all the industries and governing boards issue proposals adopting the formula that offers the greatest possibility for wage increases, not those that would force something on the industry.

The cancellation process is still going on; that is why not all businesses know exactly what formula they will use this year and that means in future years as well. For the same reason we too do not know how and what formula is operating in industry. We are defenseless. The first calculations will be a month from now.

Calculations for the first quarter will be more complicated than those that will take place in later periods. For there is the problem of establishing a basis, a point of reference. After all we are operating on the basis of growth formulas and so there is the question of which wages to calculate growth from in 1986. We can establish such a basis only after audit of the balance sheets. These audits are still going on and how long they will last is not yet known.

In a word, I cannot talk about the operation of the formulas until June or July. One thing is certain: none of the adopted formulas--and here I'm referring to the situation after the first quarter--affords the possibility of a 20 percent increase in wages. The justification must lie elsewhere.

I agree with Prof Borcz that the income function of wages predominates. This means that no one thinks about how to compel efficiency with the help of wages. Industry has one argument: the cost of living is rising and we too are forced to raise wages so that there will be no drop in real wages. And the



group of those who are going full speed ahead, regardless of the consequences, is not that small. The saddest thing is that among these suicidal individuals, besides small units of the agricultural circle kind or some small local industry, there are also giants who absolutely do not care whether their debt is in the millions or billions. They assume they will not perish. That is why we are starting to think about how to solve the problem of units of major economic importance in which—as we know from elsewhere—the possibilities for growth in production are very limited. Every attempt at systems-type solutions in them must end in failure. Take coal mining, for example. Would it not be better to say right away: Gentlemen, there is no mechanism among you; go on working calmly; we will give you as much as necessary. One could point to more areas like this.

On the other hand we have numerous examples of individual units where although wages are low, debts to PFAZ are not paid. For it is acknowledged that either this is reprehensible or that money must be allocated for development. The saddest thing is that we are not in a position to help those particular industries. Because the only lever we have is to use relief. Except that one can offer relief only to those who pay taxes. And if they do not pay?

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## ESTABLISHMENT OF SMALL INNOVATIVE ENTERPRISES PLANNED

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[Article by Irena Dryll: "There Is a Chance"]

[Text] The small innovative enterprise [MPI] is a creature which has not come into being yet but which has a clearly defined and attractive form. If it has the good fortune of coming into being, there is a sure chance that instead of calling for the implementation of technical progress, we shall finally begin carrying it out. The MPI is to be a kind of professional promoter and travelling salesman dealing in technical innovations and at the same time, a specific kind of "breeding place" for innovations and initiative.

The concept of the draft plan of the legal act on small innovative enterprises, worked out at the Office for Scientific-Technological Progress and Implementation [UPNTiW], assumes that the purpose of MPI activity will be:

--the manufacturing of highly technical and high quality products that are unique or produced in short series; prototypes and experimental series as well as cooperative activity in the area of supplying these products;

--the introduction into domestic production of scientific-technological achievements;

--the rendering of specialized technical services;

--expanding export production and services and other forms of economic and scientific-technological cooperation with foreign countries;

--technical consulting; and the promotion and popularization of domestic scientific-technological achievements.

In accordance with the assumptions, the following may function in the form of MPI's: state enterprises with up to 50 employees, work cooperatives, economic units of social organizations that prepare balances, trade plants, nonsocialized nontrade manufacturing and service units, mixed enterprises, limited liability companies and joint stock companies of legal and natural persons in which the state treasury represented by the UPNTiW may participate. Therefore, a small enterprise will be formed (if this does come about) within the framework

of the appropriate form of ownership and type of unit at the initiative of all the above named units, organs of state administration, scientific-developmental units, higher schools, social organizations and natural persons. The minister--director of the UPNTiW may also come out with the initiative of creating an MPI or of including other, already functioning units in this form of operation at such a time becoming an overseer for these enterprises.

In order to begin activity in the form of an MPI, a license must be obtained. It must be issued by the minister-director of the UPNTiW. He also determines the specific procedure for obtaining the license. It is assumed that a license will be issued for a period of 5 years but on the basis of a subsequent application and verification, an extension may be obtained. In accordance with the concept under discussion, "a license is granted if the activity of the MPI is to ensure the following particulars: 1) the implementation of priority tasks in the area of scientific-technological progress; 2) the introduction and application of technological and organizational solutions; 3) the increase of supplies to the domestic market and of unique products or those produced in short series with high technical and quality standards for export purposes (or substituting for imports in this respect)."

A few words about the economic-financial system [of MPI's]. The MPI is to independently conduct economic activity on the principle of the economic account basing itself on independently determined long-term and annual plans. Such an enterprise is financed from its own funds which can be increased by the partners (e.g., mixed enterprises or joint ventures) and supplemented with bank credit or other financial means. All of its assets are placed as collateral for its financial obligations. In case of failure, its license is placed on the line as well, which may be revoked if, for example, during the year the MPI does not fulfill the conditions of creditability prescribed by the bank. The bankruptcy and closing down of an MPI is subject to general principles. Most funds are also formed on the basis of general principles. However, enterprises of this sort may also have other funds specified in the agreement about the establishment of an MPI.

An MPI's profits are to be taxed with an income tax of 50 percent of the profits obtained during the fiscal year. There may be exceptions to this general rule, for example, the minister of finance in agreement with the minister-director of UPNTiW may determine the invoice statement of branches in which this tax amount will be lower, the bottom line of this tax being 10 percent of profits. There also exists a proposal to exempt the MPI from paying income tax during the first 2 years of activity in the case of newly activated plants operating on a fully self-accounting system, on condition that the funds received from this exemption will be allocated for the developmental fund. Under the same conditions, it is proposed that the MPI be exempt from paying income tax on profits obtained from production that is activated again for a period of 3 years

from the beginning of its [production] implementation. In accordance with the discussed concept, the entire sum of depreciation allowances of an MPI would also be allocated for developmental purposes of the various units.

The verified profits of an MPI reduced by the income tax due, as profits for distribution (after completing the obligatory allowance for the reserve fund), are divided up among the partners in proportion to their share in the capital while also taking into account, if need be, other needs specified in the agreement about the creation of MPI's.

#### Wages

An MPI is to independently determine the amount of funds for workers' wages within the framework of its financial capabilities and in accordance with the needs of its activity, and to prescribe the principles and conditions of rewarding workers and granting other work related benefits. An MPI is to apply the rules of the work code as well as the rules appropriate for the forms of ownership that it represents. The assumptions envisage the exemption of MPI's from the burden of the tax on above standard wages.

#### Powers

The MPI's have the right, among other things, to acquire the means of production produced in the country directly from the producer or in commercial institutions; to obtain loans and bank credit from other institutions on preferential terms according to the principles set for state enterprises; to enter into various kinds of joint ventures and coproduction agreements with other economic units; to have control over all the foreign exchange funds obtained from exports (in the light of set practices, this entry is--I believe--overly optimistic); and to make use of the funds in the central foreign exchange fund. It is also assumed that the MPI's will independently set prices on goods and services according to market criteria. From among the several remaining powers, the proposal that the MPI's may have the right to apply the rules regarding inventiveness, which are binding for the units of the socialized economy, also seems to be particularly valid.

#### Other principles of operation:

--the MPI's may form branch national and regional agreements, whereas their participants may form commercial law partnerships for the purpose of conducting economic activity indispensable for the implementation of such agreements.

--As far as employment is concerned: it is proposed that employees of the socialized economy, who want to work at an MPI, should be given the possibility of receiving a 2-year leave without pay whereas the leave period for inventors and authors of other scientific-technological achievements would be regulated on a different basis. The author of such an achievement or a person nominated by a major shareholder could be the director of an MPI. There are also other proposals with regard to these matters.



--Self-government and trade unions would function on the basis of general principles determined by the appropriate regulations.

In summing up: the basic assumptions, which at the same time determine the controversialism of the entire concept are as follows:

First of all, there is the possibility that an MPI will function along the same principles in all sectors of the economy whereas the initiative of its creation (as opposed to the current procedure of summoning an enterprise "from the top") can issue forth from "the bottom"; upon the fulfillment of specific conditions, every economic unit would be entitled to initiating the creation of an MPI.

Second, the combining of capital within the framework of an MPI would be allowed, e.g., state and (the state treasury is represented by the UPNTiW) private capital.

Third, tax relief and preferential treatment would have an institutional character and would be related to specific tasks and goals, whereas all of MPI activity would be geared toward efficiency.

Licenses and, as I have already mentioned, the possibility that they may be revoked in case of credit "insolvency" are to serve as an additional verifier of efficiency.

The work on the concept of the draft plan of the law on MPI's, which is briefly presented here, continued from January until mid-March of this year [1986] at the Office for Scientific-Technological Progress and Implementation. After nearly 3 months (on 10 June), this concept was discussed at the session of the 10th team for matters involving self-government and the legal foundations of the functioning of the economy and acting within the framework of the Economic Reform Commission. In presenting the draft plan concept, its co-author, Dr Wojciech Brzost, assistant director of the department of institutional matters at UPNTiW, emphasized that this is a concept and not the draft plan of the legal act. Therefore, we should not become used to the particular entries since nothing has been settled yet. The authors of the concept have come to the following conclusion: the current economic-financial mechanism of enterprises is not capable of "digesting" innovation. On the other hand, small innovative enterprises would exist from this and the purpose of their existence would be, if it may be so described, "production" and "familiarization" with scientific-technological innovations and their circulation and "packing into" enterprises. This would make it possible to intensify, on a small scale, the processes of ushering modern technological solutions and domestic inventions into the economy.

The discussion in the 10th task group has confirmed the principle of the here presented proposals. "Admittedly," indicated Docent Andrzej Szajkowski from the PAN State and Law Institute [Instytut Państwa i Prawa PAN] in the introductory presentation, "they [the proposals] relate only to a part of the problem of increasing innovations in the national economy. Nevertheless, this

concept is bold and consistent. And most importantly, the problem has been formulated quite comprehensively by very skillfully using a considerable arsenal of economic resources."

"For this reason it [the concept] deserves recognition and, above all, keen attention," pointed out Docent Szajkowski. "Certain formulations require more accuracy and certain proposals--more thorough discussion. Nonetheless, the concept itself is sound and worthy of support. This is the most interesting document that I have seen on this subject." In the docent's opinion, if the law on MPI's were to see the light of day, changes in the area of the implementation, stimulation and use of domestic technical inventiveness would be rapid and observable.

Docent Szajkowski reminded those gathered that discussion on the subject of technological progress has been continuing in Poland for over 30 years. The problem of whether in the reality of the current system, technological progress should be sucked up by economic units or pushed from the top by the central administration, by the mechanisms of legal obligations, etc., is discussed on all levels and in various groups. In newspaper columns and on the radio waves as well as on TV, the specter of a suffering inventor appears who has come up against indifference, unkindness and who is harassed and surrounded by jealousy.

The law on inventions enacted in 1972 introduced a very significant change: a patent no longer belongs to the state and has become an integral part of enterprise assets. From that time on, economic units were to use the inventions and useful designs of other economic organizational units on the basis of license agreements. The turnover of the results of research-developmental work was restored to the socialized economy.

Why, therefore, despite these favorable changes has the economy's desire for innovations not increased? Why do Polish enterprises continue to defend themselves against technological progress like the devil against holy water; why do they not want to usher it in and assume the difficulty and risk which inherently accompany the processes of the implementation of technological progress?

Docent A. Szajkowski contends: "The problem of motivation for enterprises that are to usher in new technological solutions as well as the problem of assuming risks which are associated with this type of activity have not been solved."

"I am trying to push innovations and nearly everywhere I come up against a wall of enterprise indifference," stated Prof Leszek Kalkowski, assistant director of the Krakow branch of the Institute of Organization, Management and Economics of the Orgblad Construction Industry. It follows from his statements that there is a kind of mini-MPI operating in his institute which has at its disposal an engineering staff of four full-time and one part-time employee [4.5 etat inzynierski]. The institute has 9,000 recorded patents and technological ideas of which it is trying to put a part into practice. The obstacles are various in nature--from the above mentioned enterprise indifference to the lack of several kilograms of a much needed raw material. However, there is no shortage

of rules and regulations that successfully impede activity. Thus, for example, in the case of implementational work, the institute cannot employ the customer's [zleceniodawca] people because of the charge that this threatens with graft.

"In order to hire an assistant or, for example, a typist for the institute, I must request the permission of the city fathers because in Krakow as in 22 other provinces people [workers] are rationed," stated Prof Kalkowski.

He assessed the concept under discussion as good and necessary seeing its main advantages in licenses and institutional reliefs. However, in his opinion, the MPI's will help solve only one side of the equation: to "push" and not to "suck up." Thus, the suggestion of mitigating the risk problem, which was also pointed out by Docent Szajkowski by, for example, creating a special risk fund. Director Jan Kukla from the Piec-Bud-Export branch export company in Gliwice also opted for the fund. In his opinion, progress in many areas is small because the issue of economic risk has not been defined precisely in the reform. Prof Alfred Klein proposed, among other things, that enterprises should be prepared for risks by means of, for example, institutional reliefs.

Undoubtedly, some form of "insurance against risk" is necessary. On the other hand, it is difficult to imagine a lively economy without risk. However, risk which on the whole is worthwhile. An MPI is something that can grow primarily out of initiative and its inherent element which is risk. This was confirmed in the continued discussion.

Docent Andrzej Wasilewski went so far as to propose that an act be passed regarding the principles of assuming innovative activity; i.e., an objective and not subjective formulation: "Why not enable everyone with the desire and the capital to create an MPI? The strict 'rules of the game'; i.e., the conditions and goals would be determined by licensing and this would be recorded in the legal act."

As far as licensing is concerned, other discussion participants also agreed that the procedure according to which licenses are issued should be specified in the law. Licenses carry a glimpse of the entire concept. However, there was no agreement on the proposed objective formulation of the entire issue. "This would have led to the law on initiative and we would have again been on the road to improving the levers used thus far. The only solution that can change something in practice is a subjective solution; i.e., the MPI's," said Prof Czeslawa Zulawska. This does not impede individual initiative or that which proceeds from the bottom since, as I have already written above, every economic unit can form an MPI.

"The entire concept is based on the freedom of management and on personal advantages. Besides economic reasons, there are an equal number of social reasons that speak for it [the concept]," according to Prof Zulawska. "This is an opportunity to stimulate initiative and to become familiarized with the economic risk--and we need this very much."



"Many people feel that nothing can be done; apathy has become commonplace. However, demonstrating to large and small economic units and to the people working in them that they can try to do something, that technological progress can be pushed through will have a great impact," claimed Docent Szajkowski.

"I have friends who have hidden away their engineering diplomas and who are dealing in parsley. However, they are suffering on account of this," said Dr W. Brzost. "They would go to work for an MPI if such did exist. And that is the problem--if such did exist. But will they? The interest in MPI's is large; the climate at high levels--conducive. However, there is also no shortage of opponents at all levels and also in existing enterprises. The MPI's are treated like a competitor for rare goods who will take away various forms of relief, resources and, above all, people."

In refuting this last argument, Dr Brzost refers to the following estimates:

--During the 5-year period, 200 MPI's may be created and "business" would be brisk: some would be forming whereas others failing (as much as one-half of the existing ones annually). Assuming a limit of 50 employees, this would concern approximately 10,000 persons. Will those from among them who want to leave because they want to make something not leave anyway?" "Would it not be better," asks he, "for them, if they are talented and enterprising people, to go to MPI's instead of dealing in vegetables and boutiques?"

"We are discussing how to make the draft plan sensible instead of how to push it through," noted at one moment Prof Zofia Letowska. And this was a valid remark in that black clouds are already forming over the not yet born form of enterprise. As it turns out there exists a plan to take care of the matter of creating MPI's in state enterprises by way of a resolution of the Council of Ministers and the People's State Council. According to experienced attorneys, members of the 10th task group, it would be not so much taking care of the matter as burying the entire issue. "The quality of universality is possible to attain only with the help of a legal act," stated Prof Letowska. Other discussion participants, among others, the vice-chairman of the State Economic Arbitration Office, Witold Pawelko, argued that the rank of the matter requires legal and not any other form of control.

"People still have not stopped believing that the law means something and can do something," stated Prof Ludwik Bar, chairman of the 10th task group. "The proposed solution should not be treated as an experiment and it is the law that gives a sense of stability. Perhaps the MPI is a life jacket which we need? We have set our sights on giants forgetting that in many countries small and average-sized enterprises constitute the foundations of the economy."

The call for a resolution was the first bucket of cold water. The second one was spilled on those gathered by Director Andrzej Wroblewski, representative of the URM [Office of the Council of Ministers] Planning Commission: "I am more pessimistic than the state. Indeed, there are ideas to put into use but the situation becomes more difficult when it comes to capital. No one wants to take a risk and wait for the effects. In my opinion, the problem lies in capital. We can pass a law but will fall short on the financial means."



Indeed, Dr Brzost replied as follows: "There is plenty of capital only the conditions for setting it in motion have to be created..." Indeed, Docent Szajkowski explained that this is not a question of large-scale undertakings in the line of a steelworks but rather of small (though significant) innovations and this does not require large amounts of funds. Thus, there are persons and institutions who will reach into their pockets. However, he added, "I too do not feel that this can be successful. Not because of the lack of capital but because this is a challenge to those who like things just as they are; to those who are lazy and indifferent and who are afraid or who no longer want to test their capabilities. The entire matter will wash away under various pretexts, using various reasons--both ideological and political."

An interesting and quite concurrent opinion may be read in the PRON report ("Renaissance" No 24/86): "Gigantomania and aversion to small industry and trade have deprived us of the "connective tissue" that is indispensable for the efficient functioning of the economy and that enables the dissemination of technological progress throughout the entire economy."

9853/12795

CSO: 2600/553

## ECONOMIC SOCIETY PRESIDENT ON STATUS OF REFORM

Warsaw ZYCIE GOSPODARCZE in Polish No 26, 29 Jun 86 pp 1, 4

[Interview with Prof Zdzislaw Sadowski, president of the Polish Economic Society, by Karol Szwarc]

[Text] [Question] The economic community was very active during discussions preceding the 10th PZPR Congress. On what was the attention of the Polish Economic Society [PTE] primarily focused?

[Answer] On the necessity of unequivocally accelerating the reform, structural changes and the process of balancing the economy. This acceleration is the main stipulation of our community. It is our opinion that we are moving too slowly along the road leading to a healthy economy and this sluggishness is threatening continued progress. We have given the development of our stipulations the title and form of "The Stand of the PTE prior to the 10th Congress," which we submitted to the highest party authorities.

[Interviewer] We are placing this text in our current issue.

[Answer] This pleases me very much.

[Question] Several months ago, you published in our columns an article pertaining to the future of the reform. It prompted a reaction in our magazine and in other groups as well. Doesn't this exchange of opinions lead you to additional conclusions?

[Answer] The article was a collection of my thoughts on the subject of the direction in which we are heading. I feel that it is necessary to carry out such reflections so that the direction does not become obliterated but rather grows clearer in order to unravel and eliminate noncohesiveness and gaps in the total solutions. We are striving for a social economy that interconnects plans and the market. The method of implementing this interconnection still requires much thorough study. However, besides this it is also necessary to answer the question of how to attain this future goal relatively quickly. The exchange of opinions about which you are asking prompts me to again concentrate my attention on this very question. At the same time, it is becoming increasingly clear to me that the main problem requiring a solution is to find a way in which high production efficiency can be combined with fair distribution.

How to quickly raise management efficiency while at the same time striving for a more just distribution--this is our primary question.

[Question] The current state of the reform is evaluated in various ways. At times it is possible to come across the point of view that the form and not the substance of the system of functioning has undergone a change; that, to be sure, we are dealing with a system that is different than before but that this is not what we were aiming at. How do you feel about these kinds of opinions?

[Answer] I do not agree with them. The reform is not a piece of furniture which one places in the economy or not and which immediately assumes this or another form. Reform is a continuing transformation of the entire logic of the system of management and of the rules of conduct of all the economic organizational units. Its substance is based on this. This transformation of people's attitudes requires a long time to become accustomed to new institutional conditions. When we speak of the need for accelerating things, it is this change in the conditions that we are thinking of--particularly, economic and organizational conditions but also psychosocial conditions.

Today's economic system is a construction site. The substance of this system has already changed very significantly. Enterprises have to a certain extent begun to act under the influence of market indicators and the economic account has a noticeably and incomparably greater significance than before. However, the parameters of this account are still lame and require support through administrative methods. Therefore, enterprises function under the influence of contradictory signals and not only those that are concordant with the new logic. Such a situation gives rise to doubts whether this is the model that we had aimed for. Of course, not. Just as the construction site is not the aimed for objective but only a temporary phase. It would be an obvious misfortune to allow the system to become fixed in its temporary noncohesive form. This is the reason for the necessity of the rapid continuation of the reform.

[Question] It is sometimes said that instead of a self-regulating system, we have created a bidding-discretionary type [przetargowo-uznaniowy] system.

[Answer] No, it cannot be said that we have created such a system because we have not as yet created the finished system. However, for the time being we have a situation in which much bidding and discretionary-type decisions are taking place although less than in the old orders-type system.

[Question] Therefore, we are aiming at creating a mixed system.

[Answer] I do not accept such a description. Undoubtedly, this is not to be a mixture of the market and discretionary-type decisions [uznaniowosc]. We are striving to create a qualitatively new system of the socialized economy. Its fundamental logic, as we have been repeating to the point of boredom, is based on combining the strategic role of central planning with independent decision making on the part of socialized enterprises which is synonymous with flexible reactions to market signals.

[Question] And yet, despite such frequent repetition of the general principle, it may be heard and even read that the reform is an instrumental measure; i.e., the means for the implementation of the plan.

[Answer] This is a total misunderstanding. The reform cannot be reduced to the level of a set of economic-financial levers. Reform is the far-reaching reconstruction of the way in which an enterprise operates, the method of central planning, the role of the bank system and finally the methods of conducting economic policies. The purpose of this reconstruction is to create the foundations for an efficient economy which is highly productive and geared toward the development of technology and at the same time, aimed at the implementation of social goals that are in keeping with our political system. He who does not understand this has not understood the basics of our reform.

[Question] Therefore, what is the role of the economic administration in relation to enterprises in such a system?

[Answer] Important. The administration defines to a considerable extent the conditions of enterprise functioning. I feel that, as has always been the case in the past so too now, Poland needs a strong central authority in the field of the economy as well. However, the power of this authority cannot be based on daily intervention in enterprise decisions since such a seeming power transforms itself into weakness. We have experienced enough of this in the past. The power of authority should depend on skill in specifying the right strategy in public discussions and in conducting a policy that enables the successful opposition to pressure from segmentary branch, regional, professional and other interests. Only strong authority may successfully represent the general interest.

[Question] Meanwhile, the ministries are working against this. Should not the center be reconstructed?

[Answer] The further organizational evolution of the central administration will undoubtedly have to take place. However, I believe that this is not a question of simplified, mechanical reorganization by, for example, the quick elimination of branch ministries and the creation of one industrial ministry. What is needed, first of all, is to change the functions of the central economic administration; ministerial barriers have to be eliminated and the ministry should not be allowed to represent a branch of the economy before the government because it is supposed to represent the policy of the government before this branch.

[Question] The argument is often repeated that the workers' self-government is the Achilles' heel of the new system.

[Answer] I am well aware of the complaints with regard to self-government but self-government must be defended.

In the reform, one of the most important issues is work order [ład pracy]. We are operating in a political system in which we do not want to discipline work



either by means of mass unemployment or formal drilling. We want to form a democratic system which takes into consideration the interests of the worker to the same extent that it does economic interests. And this goal cannot be attained without self-government, which should play a principal role in the understanding by the work force of the problems of their plant in building a sense of responsibility among them for the results of their common work. Naturally, self-government is not supposed to replace enterprise management in making managerial decisions. This would be nonsense.

Good wages should be associated with good work. Everyone knows that we have great difficulties with creating a bond between wages and work results. In order to achieve this, the economy must be filled with a sense of responsibility for the results of work activity of the entire enterprise as well as of every working post. In a word, what must prevail is that which we call a work ethic. Self-government is indispensable for all of this.

[Question] I have doubts whether the striving for this work and wage order is adequately incorporated into the institutional solutions.

[Answer] There is nothing strange about the fact that it is very difficult to attain this cohesion, which did not exist for many years, particularly during the period of inflation, therefore, a period of understandable pressure and wage demands. However, efforts in this direction are being exerted and are partially successful. Institutional wage systems, which frequently are not ideal but which require improvement and strengthening because they give positive results, are conducive to the creation of motivational interrelationships between wages and work results. Collective work systems in a new form should serve the shaping of the proper wage relations between various professions. However, I do agree that we have great difficulties and problems to solve in this area.

[Question] In the beginning we were afraid of economic cannibalism; i.e., the allocation by enterprises of larger sums for wages than for development. However, it did not come to that. At the same time, we are observing the influx of wage funds from various sources other than the actual results of work.

[Answer] Where there is room for pressure, there is also room for making concessions. We have a structure which is monopolistic to a large extent; we have many manufacturers who are "the only ones" that produce various goods and this means that it is very difficult to effectively oppose their demands for various reliefs and priority treatment. It is necessary to grapple with this. For that reason, we must aim for the reconstruction of this structure. For the time being, it should be agreed that giving in excessively to tendencies expressed by reaching out for the money in the budget is always a setback for the reform.

[Question] Are there perhaps not more of these setbacks?

[Answer] The process of reforming is a battle; the clashing of various trends. Therefore, there are battles that are lost. However, a setback occurs when a

monopolistic structure becomes strengthened or when a new one forms. It is a setback when we are not successful in eliminating controls where they are not needed. Phenomena associated with wage bidding [przetargi] are a setback. However, lost battles in connection with phenomena that are in opposition to the direction of reconstruction are normal. They do not change the fact that it is necessary to go forward.

[Question] I suspect that it is on the basis of this that the opinion is formed that the initial dynamic force has disappeared.

[Answer] What dynamic force? Perhaps this is the impression received from the initial euphoria, from expectations that everything will change easily and in a flash. Economists have warned about giving in to this euphoria even in the columns of your weekly. It may be assumed that the initial dynamic force was expressed in that a new legal system arose very quickly. But, after all, it is evident from the very beginning that the creation of a new law is merely the building of a foundation and nothing more. The real progress of the reform is in the change in the everyday actions of people occupying various positions in enterprises, in the banking system, in the central administration, etc. I have not seen any initial dynamic force in this regard because such a change is not achieved so easily, especially when so many situational obstacles are a part of life. When the creation of a new legal system ended, the awareness started to grow--which did not exist in the beginning--that the process of reforming is very difficult and complicated and one in which it is necessary to strengthen the conditions that would make people act according to the new system. Meanwhile, it appears that the more you learn the less you know ["in dalej w las, tym wiecej drzew"]. This saying fits very well here.

[Question] Therefore, in sum, what are the successes besides the fact that the awareness of the difficulties involved in the reform is growing.

[Answer] The course to date of the reformation process does not entitle one to be satisfied. We would like to see a considerably more advanced transformation. However, we cannot disregard that which has already been changed in the principles of the functioning of the economy. We have segments and branches in which the reform functions more visibly than elsewhere, especially there where monopolistic structures do not stand in the way because they did not exist there or because they have been eliminated. There are segments in which we have reached an equilibrium of supply and demand and even in which a limit to the demand has appeared. This is conducive to the functioning of economic mechanisms in favor of efficiency and innovation, although in these cases the reactions of enterprises are often not immediately the kind one would expect. If they can obtain subsidies or tax relief, they prefer them to trying to obtain a reduction in costs.

[Question] The feeling is prevalent that enterprises have an overly large range of incentives. As a result of this, real priorities--exports, for example--become lost in the deluge of secondary ones or those of lesser importance.

[Answer] There is some truth to that. However, it is difficult to generalize. It is true that there are too many reasons of various sorts for obtaining preferential treatment. Their number has to be reduced to give greater strength to the principal priorities, e.g., exports. However, we should not forget that enterprises often find themselves in truly difficult circumstances not having at their disposal sufficient funds for modernization and development. They cannot be overburdened with financial encumbrances because consequently this can easily lead not to an increase but a reduction in the budget revenues which ultimately depend on the growth rate of production. The economy has to be balanced not by weakening the incentives of production growth but by strengthening them.

[Question] Do you agree that the primary obstacle in ushering in the reform is inflation and instability?

[Answer] Undoubtedly, yes. In any case, this is the principal obstacle not only for the reform but for the proper functioning of the economy in general. That is why so much depends on whether we will be successful in accelerating the process of attaining stability. I feel that under the current conditions, stability cannot be attained in one giant leap overnight. However, this process cannot be drawn out too much because this undermines its results, has a weakening effect on the economy and contributes to the worsening of the social climate.

The attainment of stability, above all, requires the strengthening of factors that have an effect on production growth and ultimately, on the flow of consumer goods to the marketplace. However, stability cannot be attained in a short period of time in this way alone. These actions have to be reinforced with price increases. This is a sad fact that cannot be concealed.

The struggle with inflation is indispensable, but essentially it depends on balancing the market. Curbing inflation cannot be based on fiction. If under conditions of imbalance, prices are artificially maintained on a lower level, there cannot be a well-functioning market. This results in long lines and elbowing one's way to get to the goods. What good are prices maintained on a certain level and real wages that are officially rising when at the same time, the market is not functioning and goods are not available. We have experienced such a period. That is why it is necessary to understand that the statistical index of real income and the rate of inflation is not the most important indicator. The most important gauge of economic improvement is the supply of consumer goods in stores.

[Question] However, such a solution requires public approval.

[Answer] I feel that the public as a whole is against long lines for goods and is for a stable market. Long lines mean lost time, speculation and injustice. Only those who are able to take care of things "on the side" do not mind lines. There are quite a lot of such people but they do not dominate. I believe that a majority of the public does not want lines and wants to have an orderly and well-functioning market even at the cost of expensive goods. The high cost of living is always relative, if only one can earn enough.



[Question] Such logic does not always win.

[Answer] Because of the strong pressure from those who deal in "taking care" of things ["zalatwiazcze"].

[Question] And perhaps this is dictated by the fear that a rational solution will in fact transform itself into a drain [drenaz] on the market.

[Answer] I am taking this concern into account. However, it is not possible to run away from economic logic in the long run. If today we do not allow prices to rise by approximately 10 percent, tomorrow we will be forced to allow for a two and three times higher increase. In private life, we also frequently put off till later various unpleasant matters. This is psychologically understandable. In our economic situation, we cannot postpone any unpleasant actions--neither price increases nor the tough introduction of economic constraints and the closing of umbrellas protecting various economic elements. If we are going to drag this activity out over the years, the instability will simply destroy us.

[Question] Some people feel that this situation is like a ball and chain around our feet. Thus, we shall continue taking tiny steps, sometimes two steps forward and one back, in the direction of the model outlined in KIERUNKI.

[Answer] The transformation of the economic system is not a mechanical process but a social one. In this social process, a battle is going on between conflicting interests. Therefore, it is normal and natural that we are dealing with conflicting phenomena and trends. That is why steps back are also possible. We must struggle to make sure there are as few of them as possible.

[Question] Therefore, will the range of self-regulation expand in the very near future?

[Answer] I do not want to make predictions. I do not know whether it will expand but I do know that it should expand as soon as possible. It is necessary to strengthen the ability, the skill and the possibility of state enterprises to react quickly to market signals--not against central strategy but in support of it. For this reason, it is necessary to definitively accelerate all activity aimed at putting order into the price system, at moving away from the so-called expensive price formula, and at activity based on the elimination of inefficient economic units. To this end also, it is necessary to resolutely make accessible to directors the opportunity to use the right to take risks and to make independent decisions. Briefly speaking, it is necessary to usher in the reform to everyday practice more daringly and rapidly. This cannot be postponed till later. We must go forward more boldly and more decisively along the course laid out by the resolution of the 10th Congress. There is no reason to change the course direction. It is only necessary to improve the methods of moving forward.

[Question] Therefore, you believe that we shall move more boldly?



[Answer] We must because this is becoming more and more clearly a condition for success. However, we must free ourselves from all of these encumbrances and restrictions, including intellectual ones, and struggle for a decisive acceleration of the processes of reformation, balancing the economy, and structural changes which are commonly termed restructurization. Our future depends on these three "R's" [reformowanie, rownowazenie, restrukturyzacja].

[Interviewer] Thank you for the discussion.

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## YUGOSLAV-ALBANIAN RAILROAD PROJECT COMPLETED

## Hopes for Normalization of Relations

Paris LE MONDE in French 7 Aug 86 p 4

[Article by Thomas Schreiber: "Albania Will Be Linked to the European Rail System Through Yugoslavia"]

[Text] The railroad linking northern Albania to the European rail system, through Yugoslavia, goes into operation this week. The inaugural ceremony took place on Wednesday, 6 August, south of Titograd, the capital of Montenegro, in the presence of an Albanian Government delegation.

Since 1979, the construction of this 55-km line (including 25 km in Yugoslav territory) has become both an economic and political matter. Two years after the signing of the protocol specifying the practical methods of executing the project, the increasing tension between Belgrade and Tirana in regard to the situation of Yugoslavs of Albanian origin, the majority of the Kosovo region, seriously affected bilateral relations. Added to this was the fact that the leaders of the republic of Montenegro, over whose territory the Yugoslav portion of the Shkoder-Titograd line was to pass, used the excuse of financial difficulties to delay the work. Moreover, they explained, this railroad project is mainly of interest to the federal government. After long and delicate negotiations between Belgrade and Titograd, solutions were finally found to permit the re-opening of the construction sites beginning the middle of last year. On the Albanian side, the construction-carried out, in part, by "brigades of volunteers"--was completed in December 1984 and the portion of the railroad was inaugurated the following month.

Thus Albania (where the first railroad line dates back to 1947!) is now connected to the European rail system. Of course, the country is not completely isolated. A ferryboat service operates between Durres and Trieste (it was inaugurated in December 1983); aircraft of five airlines (Hungarian, Romanian, Greek, Yugoslav, and Swiss) land at the Tirana airport once a week; Albanian trucks travel on European highways. But from now on, thanks to the new railroad line, Albanian merchandise will be able to be transported over the European rail system. Passenger service is not anticipated at the

beginning but possibly the authorities will change their minds on the basis of the development of tourism--which is still at a low level at present. The only thing remaining is to observe any political "repercussions" resulting from the emergence of Albania from its enclave.

At the present time, bilateral relations are poisoned by well-known political and ideological differences, complicated by the existence of a very large Albanian population in Yugoslav Kosovo, but on both sides, the desire is expressed (and not only in private conversations with journalists passing through the area) for the normalization of relations at the government level between the two neighboring countries "which have had a similar fate in history and which do not belong to any military alliance dominated by a superpower."

One thing remains certain: the maintaining of tension between Belgrade and Tirana runs the risk of causing destabilization in the Balkans. Under these conditions, any practical result of Albanian-Yugoslav cooperation is quite encouraging news.

#### Contacts of Rail Employees, Journalists Limited

Paris LE MONDE in French 8 Aug 86 0 4

[Article by Paul Yankovitch: "Yugoslavia: "The Inauguration of the Railroad to Albania--An American Locomotive in the Titograd Station"]

[Excerpts] From our correspondent in Belgrade--The ceremony inaugurating the new railroad linking Albania to Yugoslavia--and to the rest of Europe--took place on Wednesday, 6 August, at the Titograd station in the presence of Mr Pijakic, Yugoslav minister of transportation, and a significant Albanian delegation headed by Mr Faik Cinalj, member of the Presidium in Albania. It did not have the character of a mass demonstration since relations between Tirana and Belgrade have been cool since the disturbances which were stirred up in Kosovo in 1981 by "Albanian nationalists and irredentists." However, the two leaders gave conciliatory speeches without referring to their present and past differences, and they expressed the wish that their countries "would develop economic collaboration in the mutual interest."

The new Titograd-Shkoder line includes many tunnels, bridges and works of art. Mr Pijakic implied that the Belgrade government had agreed to pay 7.5 billion dinars for this project. At a time when Yugoslavia is experiencing a serious economic crisis, this is, he said, a proof of its willingness to develop good neighbor relations with Albania. However, the railroad is of only limited economic interest for Belgrade. If need be, it would be used to attract tourists, but on the condition that they will be able to continue their trip into Albania. But we know that this country only admits carefully selected foreign visitors.

After the ceremony at the Titograd station, the Yugoslav and Albanian officials got into the first train which departed in the direction of Shkoder and

which, one-half hour later, stopped into a sort of "no man's land" between the Yugoslav border point of Rozaj and the Albanian border point of Han i Hotit. On board the train were a dozen or so foreign press correspondents who had come by airplane from Belgrade and were authorized to get off the train at Han i Hotit and to spend a few minutes on Albanian territory but not to go, as they had hoped, to Bajze, the first Albanian station, 5 km further. This refusal was explained by the fact that the Albanian portion of the railroad had been inaugurated a long time ago and there was no thought of starting the ceremony again. The foreign journalists said that the Yugoslav diesel locomotive which pulled the train was manufactured by an American company.

The new line was constructed in accordance with international norms for speeds of 100 km per hour and a weight of 20 tons per axle. The timetables have not been prepared yet. But it is known that, at the express demand of Tirana, the Yugoslav locomotive will have to be disconnected at Bajze, the first Albanian station, and to return to Yugoslavia even if it does not have any car to pull. The Albanian locomotive will be disconnected at the first Yugoslav station, Tuzë. It is obvious that the authorities in Tirana were trying, in this way, to limit to a minimum the personal contacts between railroad employees of the two countries. The Yugoslavs think that the new railroad will ensure Albania an annual traffic of 700,000 tons to 1 million tons of merchandise, in particular exports of chrome ore and certain other raw materials, agricultural products, meat, vegetables and fruit to the countries of Central Europe and the Danube countries and, of course, to Yugoslavia.

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## ZHIVKOV, GUYANA'S CHEDDI JAGAN HOLD TALKS

AU231923 Sofia BTA in English 1750 GMT 25 Jul 86

[Text] Sofia, July 25 (BTA)--Mr Todor Zhivkov, secretary general of the Central Committee of the Bulgarian Communist Party, met today with Dr Cheddi B. Jagan, general secretary of the People's Progressive Party in Guyana.

The two leaders briefed each other on the two parties' work. Mr Todor Zhivkov dwelt in detail on the peace initiatives advanced by the party and the government in their foreign political activities and seeking the promotion of mutually advantageous cooperation in the Balkans and in Europe and the establishment of a nuclear- and chemical-weapon-free zone in the Balkans.

The two leaders noted with concern that as a result of the U.S.-pursued adventurist line of overarmament and confrontation, the international situation continues to be exceedingly strained and dangerous. In this connection, they expressed their support for the scopeful and realistic peace initiatives of the Soviet Union and the other socialist countries, aimed at an improvement of the international climate, at strengthening peace and at averting the danger of a nuclear war.

Mr Todor Zhivkov and Dr Cheddi B. Jagan condemned the U.S. aggressive policies in Central America and the Caribbean, which pose a tangible threat not only to peace in the area but also to world peace in general. They condemned Washington's provocative actions against revolutionary Nicaragua and voiced support for the constructive proposals of the Nicaraguan government for a peaceful settlement of the Central American conflict within the framework of the Contadora Group peace process. The two party leaders reiterated the solidarity of the Bulgarian Communist Party and the People's Progressive Party of Guyana with the peoples fighting for national and social independence, for democracy and progress.

The two parties expressed their readiness to persevere in the promotion of their fraternal ties, as well as their determination to consolidate further the unity of the international communist and workers' movement on the basis of the principles of Marxism-Leninism and proletarian internationalism.

The meeting was attended by Mr Dimitur Stanishev, secretary of the CC of the BCP.

## ZHIVKOV RECEIVES MARTINIQUE CP LEADER

AU281520 Sofia BTA in English 1357 GMT 28 Jul 86

[Text] Sofia, July 28 (BTA)--Today Mr Todor Zhivkov, secretary general of the Central Committee of the Bulgarian Communist Party, met Mr Armand Nicolas, secretary general of the Parti Communiste Martiniquais (P.C.M.), who is holidaying in this country.

Mr Todor Zhivkov told him about the work of Bulgarian communists and all working people in Bulgaria for the successful implementation of the decisions of the 13th BCP Congress on a qualitatively new socialist economic growth and on the ever fuller satisfaction of the people's material, intellectual and social requirements. He spoke about Bulgaria's peace-loving foreign policy and dwelt more specifically on her efforts towards turning the Balkans into a nuclear and chemical-weapon-free zone, into a region of good-neighborliness and cooperation.

Mr Armand Nicolas briefed his Bulgarian host on the Martinican communists' struggle in defence of the working people's vital interests, about the activity of the Martinican Communist Party (P.C.M.) aimed at uniting the efforts of the patriotic and progressive forces in Martinique in defence and for the promotion of that country's democratic acquisitions. He commended highly the successes scored by the Bulgarian people in building the advanced socialist society.

Having noted that as a result of the U.S. militaristic line the situation in the world remains alarming, the two party leaders expressed unqualified support for the constructive and realistic peace initiatives advanced by the U.S.S.R. and the other socialist countries for an overall improvement of international relations.

Mr Todor Zhivkov and Mr Armand Nicolas categorically condemned the aggressive policy of North American imperialism in Central America and the Caribbean, which entirely disregards the inalienable rights of the peoples inhabiting that part of the world to free and democratic development, to sovereignty and self-determination. They reiterated the unshakable solidarity of the BCP and the P.C.M. with heroic Nicaragua and with all peoples fighting for national and social independence, for democracy and social progress.

They expressed the two parties' reciprocal desire for a further promotion of their fraternal ties on the basis of Marxism-Leninism and proletarian internationalism.

## URUGUAY'S IGLESIAS ISSUES PRESS STATEMENT, DEPARTS

AU241244 Sofia BTA English 1110 GMT 24 Jul 86

["Uruguay is for Peace and Cooperation -- BTA headline]

[Text] Sofia, July 24 (BTA)--"Uruguay is for peace and cooperation, for disarmament and strengthening of security in the world," Mr Enrique Iglesias, minister of foreign affairs of Uruguay, who was here on an official visit, told journalists before his departure that all problems in the world must be tackled through dialogue and by political means. The guest spoke in support of the idea to establish nuclear-free zones in different parts of the world, Latin America included. He noted the significance of the initiative to establish a nuclear-free zone in the southern Atlantic, promoted by Argentina, Brazil and Uruguay.

The foreign minister spoke about the rights of all peoples to self-determination and condemned the attempts at interference in other countries' internal affairs. He said that Uruguay is following with great concern the developments in Central America and that his country supports the efforts of the Contadora Group on the peaceful settlement of the crisis in this part of the world.

Mr. Enrique Iglesias assessed the relations between Bulgaria and Uruguay as promising and expressed satisfaction over his talks here. He stressed on the prospects for the broadening of the trade, economic and technological cooperation with special attention paid on the ties in the fields of the chemical and pharmaceutical industries and agriculture. The Uruguayan foreign minister hopes that Bulgaria will be Uruguay's starting point towards the markets of the other socialist states. According to him nothing can ever be gained through the use of force.

The guest then went on to speak about the situation in Uruguay, the government's efforts at restoring democratic freedoms, about the economic difficulties resultant from the growing foreign debt and the policies of the developed capitalist states towards his country. He believes that the integration of the Latin American states will be one of the ways to solve the continent's common problems.

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## OBSERVER VIEWS 'POSITIVE' RESULTS OF GENSCHER'S USSR VISIT

AU231140 Sofia BTA in English 1034 GMT 23 Jul 86

["The Possibilities of Political Dialogue"--BTA headline]

[Text] Sofia, July 23 (BTA political observer Nancho Khranov)--The visit of the vice-chancellor and minister of foreign affairs of the Federal Republic of Germany Mr Hans-Dietrich Genscher to Moscow was one of the series of dialogues of the Soviet Union with the largest and most prestigious West European countries.

What is positive is that this dialogue revealed new and interesting aspects of the understanding that the European countries are capable of working together for the establishment of a climate of trust and cooperation on the continent. And at the current responsible stage in modern international relations, honest cooperation among the European states of the East and the West can considerably contribute to bringing international relations into the normal channel of peaceful co-existence and to curbing the arms race.

The dialogue between the USSR and the FRG gave prominence to the issues of war and peace, to East-West relations and to the prospects before bilateral relations. It was only natural for the question to arise of the possibilities of the Federal Republic of Germany as a large and prestigious West European country in the limiting and reducing of armaments and in the resolution of the pressing problems related to decreasing confrontation in the international field.

It was with justification that the Soviet side noted the inconsistency of the policy pursued by the Bonn government. On the one hand it is making general declarations of a peaceful and responsible stand on the burning issues of our times, and on the other it actually supports Washington's military course. And this support is related above all to such fateful issues as the "Star Wars" project and Washington's negative attitude to the elimination of the medium range missiles from Europe.

There is an explanation for this policy of the FRG, it is linked to the contradictions in the Christian-Liberal coalition, as well as to the increasing pressure of the reactionary-military circles in the Christian Democratic Union -- the party of Chancellor Kohl -- itself. But these explanations cannot justify the main contradiction between this course and the interest of the people of the FRG--to avoid the nuclear apocalypse in Europe and in the world.



In connection with this, we cannot but recall the positive contribution made by the FRG during the 70's through the Eastern policy of the Brandt-school government, through the signing of the Moscow treaty -- an expression of political foresight, decisiveness and innovation. And the present period requires even more good will, which should raise the politicians above prejudices, distrust and fears.

In this respect, the talks in Moscow have gone beyond the development of the bilateral relations between the USSR and the FRG and bear definite significance for the stabilization of the European climate. Here we should recall Mikhail Gorbachev's words, expressed during his meeting with Mr Hans-Dietrich Genscher, that the responsibility of the Soviet Union and of the Federal Republic of Germany for the construction of the "European house" did not mean that they should violate their loyalty to the military and political alliances they belong to. The Soviet policy is realistic and constructive and it has nothing to do with the propaganda cliches in the West. That is why the words of the general secretary of the CC of the CPSU showed great responsibility. The violation of the established political and territorial structure in Europe would only lead to chaos and deterioration of the situation.

What is most important at present, and it was stressed these days in Moscow, is that each European country from the East and from the West, large or small, should make a real contribution to the healing of the situation, to detente and disarmament. It is the FRG that has great unexploited potential in this direction.

/12624

CSO: 2200/155

**BTA COMMENTATOR ON GORBACHEV'S VLADIVOSTOK SPEECH**

AU291022 Sofia BTA in English 0836 GMT 29 Jul 86

[Text] Sofia, July 29 (BTA Commentator Ivan Gaytandzhiev)--Now that international relations are at a crossroads, concrete deeds, resolute moves are needed more than ever before for an improvement of the international climate.

With its latest initiatives, set forth by the secretary general of the CC of the CPSU in his Vladivostok speech, the Soviet Union has convincingly reaffirmed its goodwill and its steadfast search for strengthened world peace and security.

"The Soviet state calls on all Asian and Pacific countries for cooperation in the name of peace and security. Every one who is seeking to attain these goals, who relies on a better future for one's people, will find in us well-meaning negotiators and honest partners."

This goodwill appeal is concretized in decisions, proposals and initiatives which bear witness to the Soviet Union's sincere and profound concern for mankind's destinies. The suggestions contained in Michail Gorbachev's speech form a wide-ranging program for the consolidation of peace in Asia, the Pacific basin and the world as a whole, for the establishment of an all-embracing system of international security. What is particularly valuable in these proposals is that they come complete with outlines of specific ways for their implementation.

Mr Mikhail Gorbachev's speech analysis in accurate and clearcut terms the present-day situation in Asia, where the problem of survival is as acute and pressing as in all the other part of the world. One of the pivotal components in the U.S.S.R.'s foreign political strategy, as worked out at the 27th CPSU Congress, is the idea of establishing an all-embracing system of international security. This idea was now further elaborated in the number of specific proposals concerning Asia and the Pacific.

The fraternal socialist countries' line towards asserting the principles of peaceful coexistence, towards understanding and cooperation, towards strengthening peace and security to the benefit of all peoples, stood out in Mr Michail Gorbachev's speech as a thoroughly realistic, constructive and promising policy. Hence, it is only logical that the Soviet party leader's remarks were met with particular satisfaction by the Bulgarian public, by progressive and honest people on earth who welcome the Soviet Union's goodwill and its firm and consistent position on settling the pressing international issues.

## SYRIAN MUFTI PRAISES 'RELIGIOUS FREEDOMS'

## 'No Complaints' From Bulgarian Imams

AU241949 Sofia BTA in English 1610 GMT 24 Jul 86

[Text] Sofia, July 24 (BTA)—"In Bulgaria I visited some towns and villages in which Moslems live and I was glad to see that they enjoy all religious freedoms and can perform their religious rites in their mosques", the grand mufti of Syria, Ahmad Kuftaru, said before journalists. He is paying a visit here at the invitation of the Chief Mufti's Office of the Moslems in Bulgaria.

As the Syrian grand mufti pointed out, the Bulgarian imams have informed him that their religious freedoms have been guaranteed both by the Constitution and practice.

"I have heard no complaints from them as regards their religion freedoms and their right to perform their religious rites", Mr Ahmad Kuftaru said.

Speaking of the impressions of his visit and of religious life in Bulgaria, Grand Mufti Ahmad Kuftaru noted that he was given the opportunity to lead a Friday prayer at the Sofia Mosque: "The Bulgarians professing Islam prayed with me after which I read the Friday sermon", he said.

By way of conclusion Mr Ahmad Kuftaru expressed his happiness over the progress of friendly Bulgaria.

## Mufti Received By Kubadinski

AU242021 Sofia BTA in English 1732 GMT 24 Jul 86

[Text] Sofia, July 24 (BTA)—Today, Mr Pencho Kubadinski, chairman of the National Council of the Fatherland Front, received the grand mufti of Syria, Ahmad Kuftaru, who is paying a visit to this country at the invitation of the Chief Mufti's Office of the Moslems in Bulgaria.

The friendly talks discussed issues of Bulgaro-Syrian cooperation. The guest noted his excellent impressions of the visit. It was pointed out that in the two countries the conditions of social justice afford freedom to religion. It was emphasized that the successful development of bilateral relations is a contribution to international understanding and to the cause of peace.

The meeting was attended by Mr Boril Kosev, member of the state council, and by Chief Mufti Miran Topchev.

## BRIEFS

**COOPERATION PROTOCOL WITH NIGERIA**--Sofia, July 25 (BTA)--The signing of a protocol on cooperation marked the completion of talks here today between Mr Aleksandur Petkov, chairman of the Central Council of the National Agro-Industrial Union, and Gen Alani Akinrinade, Nigeria's federal minister of agriculture, water resources and rural development. In the course of five days the Nigerian guest, who led a delegation of agricultural officials to this country, was familiarized with Bulgaria's successes in various fields and with the tasks which the Bulgarian people carry out in their efforts towards a qualitatively new economic growth. In the documents signed today the sides express their desire to introduce new forms so as to diversify their interaction in agriculture. They outline the areas of cooperation in the design and building of irrigation systems, in the construction of storehouse facilities, in the training and exchange of experts. During his visit, Gen Alani Akinrinade visited outstanding research, development and design institutes and agro-industrial complexes. Today he was received by Mr Grigor Stoichkov, deputy chairman of the Council of Ministers. They analyzed the possibilities for an expansion of Bulgaro-Nigerian business and techno-scientific cooperation. [Text] [Sofia BTA in English 1755 GMT 25 Jul 86 AU] /12624

**ZHIVKOV RECEIVES FINNISH ENVOY**--Sofia, July 24 (BTA)--Receiving the credentials of the newly appointed ambassador of Finland to Bulgaria, State Council President Todor Zhivkov said that the relations between the two countries are deeply rooted in history and that in the past few years these have been undergoing an upgrade development. He noted that last year's visit of the Finnish president to Bulgaria which confirmed the readiness of the two countries to promote mutually advantageous cooperation, including in the economic sphere, greatly contributed to the development of Bulgaro-Finnish relations. The Bulgarian state leader pointed out that the guaranteeing and consolidation of peace on the planet is a principal task of Bulgaria's foreign policy. He expressed concern over the fact that the international situation has deteriorated greatly over the last few years. Therefore the ideas for establishing nuclear-weapon free zones are acquiring special importance and Bulgaria and Finland are devoting great efforts to the realization of these ideas. On his part the newly appointed Finnish ambassador, Mr Klaus Kristian Snellman, assessed bilateral relations as traditionally good. A wide system of agreements between Finland and Bulgaria is now in operation. He recalled the fact that Bulgaria was the first East European state with which Finland signed an agreement for the abolishment of customs duties in bilateral trade and a treaty for mutual defence and encouragement of investments. [Text] [Sofia BTA in English 1600 GMT 24 Jul 86 AU] /12624



**TRADE UNION DELEGATION IN CHINA**--A delegation of the Central Council of the Bulgarian Trade Unions led by Mr Kosta Andreev, secretary of the Central Council, visited the People's Republic of China at the invitation of the All-China federation of Trade Unions. The delegation had meetings and talks with the leadership of the Chinese trade unions and with local trade unionists and workers in the field of economy in the cities of Shenyang, Tianjin and Shanghai. At the talks in Beijing with Mr Wang Xun, secretary of the All-China Federation of Trade Unions, and in Tianjin with Mr Ni Zhifu, chairman of the federation, both sides exchanged information on the structure and activity of the trade unions in the two countries and on the tasks of the Chinese trade unions in the conditions of the economic reform of that country. [Text] [Sofia BTA in English 1742 GMT 4 Jul 86 AU] /12624

**JOINT SOVIET TRADE UNION COOPERATION**--The Ten days of Bulgarian-Soviet Trade Union Cooperation for high quality and efficiency on the path of scientific-technical progress commenced yesterday in Bulgaria. Labor collectives from enterprises, economic trusts, scientific research and planning-design institutes, and technological and other organizations joined actively and on a wide front in the event. Representatives of the "Production-Economic" Department of the All-Union Central Council of Trade Unions of the USSR were the guests of the Plovdiv Okrug Bulgarian Trade Union Council. In a number of enterprises in Sofia and in the okrugs meetings were held devoted to Bulgarian-Soviet trade-union cooperation, as well as discussion meetings with brigades and participants in the movement "The Hero is Always in the Ranks." Exhibitions were opened showing the Soviet Union of the present day. In the plants making products for the Soviet Union, the central theme of the 10-day event is the raising of the technical standard and quality of products, on the basis of applying leading Bulgarian and Soviet experience. [Excerpts] [Sofia RABOTNICHESKO DELO in Bulgarian 2 Jul 86 p 2 AU] /12624

**JOINT SOVIET ENGINEERING**--Sofia, July 2 (BTA)--The machine tools bearing the "IS" trade name, designed and produced by the newly established "Ivanovo-Sofia" Bulgarian-Soviet Science and Production Enterprise, will be shown for the first time at this year's autumn international fair in Plovdiv. The Bulgarian machine-tools enterprise has maintained cooperation with Soviet organizations for many years. Until now however, the design and production operations were slow. Now the cooperation with the Soviet counterparts is direct and unemburdened by the intermediation of the respective ministries. The Bulgarian and the Soviet works are exporting their products to over 25 countries. The uniting of the techno-scientific potential and production capacities would allow for a considerable increase of the output and the rapid transference of new inventions. The basic idea is to limit the period of time between the appearance of the idea and the full-scale production of the machine to less than a year. The first attempt was successful. The Soviet experts offered the Bulgarian "Metalik" works the design of their latest machine, the "IR 200," and its production started after four months only. [Excerpts] [Sofia BTA in English 020720 AU] /12624

BCP CC DELEGATION RETURNS FROM SPAIN--A delegation of the BCP Central , Committee, headed by Boyko Dimitrov, member of the BCP Central Committee, returned from Spain yesterday. The delegation had attended the traditional holiday of the daily MUNDO OBRERO, the organ of the Spanish Communist Party. The delegation met Gerardo Iglesias, general secretary of the Spanish Communist Party, with whom opinions were exchanged on the intensification of friendly relations between the two communist parties. [Text] [Sofia RABOTNICHESKO DELO in Bulgarian 10 Jun 86 p 6 AU] /12624

INTERNATIONAL PHILOSOPHY CONFERENCE--Varna, 9 June (BTA)--The 14th session of the International Varna Philosophy School, named after Academician Todor Pavlov, opened here today. Delegates from Bulgaria, Vietnam the GDR Cuba, Mongolia, Poland, the Soviet Union, Hungary, and the CSSR are participating in the session. The main subject of the session is dealing with the problems of man in the contemporary world. The session of the Varna Philosophy School will last through 13 June and will include discussions and round table talks. [Excerpts] [Sofia RABOTNICHESKO DELO in Bulgarian 10 Jun 86 p 6 AU] /12624

UNESCO BALKAN CONFERENCE--The 12th Conference of the national UNESCO commissions from Balkan countries will be held in Sofia from 10 through 12 June 1986. According to an almost 25-year-old tradition, these conferences take place every 2 years in different Balkan countries. The People's Republic of Bulgaria will host the conference for the third time. Delegations from the SR of Romania, the SFRY, Greece, and the People's Republic of Bulgaria, as well as a representative of the UNESCO director general will participate. The participants in the conference will map out specific measures for the development of Balkan cooperation in the fields of education, science, and culture, in seismology, and in environmental protection, as well as in the development and in the expansion of cultural exchange. The conference will adopt a closing document mapping out specific new forms of cooperation in mutual interests, as regards the research, analysis, and solution of common problems in the sectors of education, culture, and communications. [Excerpts] [Sofia RABOTNICHESKO DELO in Bulgarian 5 Jun 86 AU] /12624

TANCHEV, ROMANIAN DELEGATION--Petar Tanchev, secretary of the Bulgarian National Agrarian Union and first deputy chairman of the State Council, yesterday received a delegation from the National Council of the Socialist Democracy and Unity Front of the Socialist Republic of Romania led by Eduard Eisenburger, vice chairman of its National Council. A conversation was held on further development of the links and cooperation between the Fatherland Front and the Socialist Democracy and Unity Front. The parties confirmed their mutual striving to expand and deepen the traditional relations of friendship and cooperation between the two countries. It was stressed that the strongest impetus to the development of these relations has been given by the meetings between the two countries' leaders, Comrades Todor Zhivkov and Nicolae Ceausescu. The enormous importance was emphasized in the present complex world situation of the new peace proposals and initiatives of the Soviet Union and the Warsaw Pact Organization, which point out the true path for eliminating the danger of a thermonuclear catastrophe. The conversation took place in a friendly atmosphere. [Text] [Sofia RABOTNICHESKO DELO in Bulgarian 16 Jul 86 p 8 AU] /12624

**YORDANOV, GDR CULTURE OFFICIALS**--Georgi Yordanov, candidate member of the BCP Central Committee Politburo, deputy chairman of the Council of Ministers, and chairman of the Council for Intellectual Development, met yesterday Hans-Joachim Hoffmann, minister of culture of the GDR and Ursula Ragwitz, director of the Culture Department of the SED Central Committee, who are on holiday in our country. During the conversation, which took place in a spirit of cordiality and friendship, issues were discussed relating to the further development and deepening of the cultural cooperation between the two fraternal countries in the name of socialism and peace [Text] [Sofia RABOTNICHESKO DELO in Bulgarian 15 Jul 86 p 2 AU] /12624

**JOINT YUGOSLAV FRIENDSHIP MEETINGS**--Smolcha village, Sofia Okrug, 13 July (BTA)--The traditional gathering of Bulgarian-Yugoslav friendship was held here today. The thousands of Bulgarian and Yugoslav citizens present voiced their desire to live in peace, understanding, and good-neighborliness. Artistic groups from both countries performed in a concert program. A gathering of Bulgarian-Yugoslav friendship also took place near the village of Strezimirovtsi, Pernik Okrug. [Text] [Sofia RABOTNICHESKO DELO in Bulgarian 14 July 86 p 2 AU] /12624

**BULGARIAN, FRENCH VETERANS TALKS**--Sofia, June 11 (BTA)--The Central Committee of the Fighters against Fascism and Capitalism in Bulgaria and the National Association of Resistance Fighters and Former Prisoners (A.R.A.C.) in France will promote their cooperation for the sake of the ideals of peace and freedom. This was emphasized at the talks held here between delegations of the two organizations, led by their presidents Dr Vladimir Bonev and Mr Casimir Lucieblot. With pronounced concern they discussed the major problems of peace, and noted unanimously that all attempts to disrupt the existing strategic balance can only lead to a still more dangerous escalation of the arms race, and that especially dangerous is the militarization of outer space. The two delegations expressed hope that the negotiations started by the Soviet Union and the U.S. will result in a change for the better. [Text] [Sofia BTA in English 0715 GMT 11 Jun 86 AU] /12624

**BCP DELEGATION IN PORTUGAL**--A BCP Central Committee working group led by Atanas Konstantinov, member of the BCP Central Committee and deputy chief of the BCP Central Committee Organization Department, paid a visit to Portugal at the invitation of the Portuguese Communist Party. The working group was briefed on the work of the Portuguese Communists in the party organizations, the mass organizations, and the local authority organs in different regions of the country. The representatives of the BCP Central Committee were received by Domingo Abrantes, member of the Political Commission of the Portuguese Communist Party Central Committee. The delegation has returned to Bulgaria. [Text] [Sofia RABOTNICHESKO DELO in Bulgarian 30 Jun 86 p 2 AU] /12624

**SWISS PARLIAMENTARY DELEGATION**--At the invitation of the Bulgarian National Assembly, a Swiss parliamentary delegation has arrived in Bulgaria. It will be acquainted with the activities of our parliament and with the role it plays in the country's political system. [Text] [Sofia Domestic Service in Bulgarian 1930 GMT 26 Jun 86 AU] /12624



GUINEA-BISSAU TRADE UNION LEADER--Mario (Mendez Correva), general secretary of the National Alliance of Workers of Guinea-Bissau, paid a friendly working visit to Bulgaria at the invitation of the Central Council of Bulgarian Trade Unions [BTU]. During the meeting with G. Karaulanov, secretary of the BTU Central Council, there was an exchange of information on the problems which the two central trade-union organizations are solving at the present stage. A plan was also agreed for the development of bilateral cooperation between the BTU Central Council and the National Alliance of Workers of Guinea-Bissau for the 1987-88 period. Mario Mendez Correa was also received by Petur Dyulgerov, chairman of the BTU Central Council. Satisfaction was expressed with the fruitful cooperation between the BTU and the National Alliance of Workers of Guinea-Bissau. The leaders of the two organizations confirmed their common desire for further developing and deepening the links between the workers and trade unions of Bulgaria and the Republic of Guinea-Bissau in the interest of friendship and understanding and for the benefit of peace and social progress. [Text] [Sofia TRUD in Bulgarian 3 Jul 86 p 1 AU] /12624

AFGHANISTAN'S AMBASSADOR DECORATED--On 30 July MOHAMED Seddiq Rahpoe, Afghanistan's ambassador to Bulgaria, was awarded the "Madara Horseman" Order--First Class. The high distinction was bestowed on him for his contribution to developing and strengthening relations of friendship and cooperation between Bulgaria and Afghanistan, and on his final departure from the country. The order was awarded by Mitko Grigorov, deputy chairman of the State Council. The ceremony was attended by Lyubomir Popov, deputy minister of foreign affairs. [Text] [Sofia Domestic Service in Bulgarian 1930 GMT 30 Jul 86 AU] /12624

DEPARTING MONGOLIAN AMBASSADOR--On 10 July Petur Tanchev, first deputy chairman of the State Council, received Legdengiyn Dandinjab, Mongolian ambassador to Bulgaria, in connection with his final departure from the country. On that occasion the ambassador was awarded the "Madara Horsemen" Order--first class, with which the State Council has awarded him for his merits in expanding and strengthening Bulgarian-Mongolian relations. The award ceremony was attended by Mariy Ivanov, first deputy minister of foreign affairs. [Text] [Sofia RABOTNICHESKO DELO in Bulgarian 11 Jul 86 p 2 AU] /12624

DEPARTING NETHERLANDS AMBASSADOR--Johan Faber, Netherland's ambassador to Bulgaria, has been awarded the "Madara Horseman" Order -- first class. Bestowing the decoration Mitko Grigorov, deputy chairman of the State Council, stressed that the ambassador received the award for his contribution to developing relations between the People's Republic of Bulgaria and the Kingdom of the Netherlands, and in connection with his forthcoming final departure from the country. The ceremony was attended by Lyuben Gotsev, deputy minister of foreign affairs. [Text] [Sofia RABOTNICHESKO DELO in Bulgarian 11 Jul 86 p 2 AU] /12624



**DEPARTING LEBANESE AMBASSADOR**--Mitko Grigorov, deputy chairman of the State Council, presented Ibrahim Marrouche, ambassador extraordinary and plenipotentiary of Lebanon to Bulgaria, with the "Madara Horseman" Order, first class. The high decoration has been conferred on him for his contribution to the development of relations between Bulgaria and Lebanon and on the occasion of his forthcoming, final departure from our country. [Text] [Sofia Domestic Service in Bulgarian 1930 GMT 26 Jun 86 AU] /12624

**NEW AMBASSADORS TO KUWAIT, MONGOLIA**--The State Council has released Ivan Budinov Soyakov from his post as Bulgarian ambassador to the State of Kuwait. Angel Nikolov Manchev has been appointed Bulgarian ambassador to the State of Kuwait. Krusty Stoyanov Eftinov has been released from his post as Bulgarian ambassador to the Mongolian People's Republic. Vasil Radslavov Baev has been appointed Bulgarian ambassador to the Mongolian People's Republic. [Text] [Sofia RABOTNICHESKO DELO in Bulgarian 11 Jul 86 p 2 AU] /12624

**ZHIVKOV RECEIVES UK, AFGHAN ENVOYS**--On 24 July Todor Zhivkov, chairman of the State Council, received respectively John Michael Owen Snodgrass, British ambassador to Bulgaria, and Mohamed Seddiq Rahpoe, Afghanistan's ambassador to Bulgaria, in connection with their final departure from the country. Petur Mladenov, minister of foreign affairs, attended the receptions. [Text] [Sofia RABOTNICHESKO DELO in Bulgarian 25 Jul 86 p 1 AU] /12624

**PCC DELEGATION AT VARNA MEETING**--Today Varna society festively commemorated at an all-city meeting the 33d anniversary of the armed attack on the Moncada Barracks. The meeting was attended by Slavcho Trunski, chairman of the Bulgarian-Cuban Friendship Society; Strakhil Khristov, chairman of the Varna People's Council Execution Committee; and okrug and city leaders, as well as the members of the Cuban Communist Party [PCC] secretariat. A speech was made by Ani Spenceva, deputy chairman of the Bulgarian-Cuba Friendship Society and chairman of the Central Committee of the Bulgarian Teachers Union. [Text] [Sofia Domestic Service in Bulgarian 1930 GMT 25 Jul 86 AU] /12624

**FILIPOV RECEIVES SOVIET TU LEADER SHALAYEV**--Comrade Grisha Filipov received Stepan Shalayev, chairman of the All-Union Central Council of Soviet Trade Unions and leader of the Soviet trade union delegation. The Soviet guests were acquainted with the work of the Bulgarian Communists and the government to fulfill the decisions of the 13th BCP Congress. Stepan Shalayev gave a briefing on the contribution of the trade unions in the common efforts of the Soviet people to implement the plans of the 27th CPSU Congress. [Text] [Sofia Domestic Service in Bulgarian 1730 GMT 9 Jul 86 AU] /12624

**NEW DIPLOMATIC APPOINTMENTS**--The State Council has released Lyuben Vladimirov Damyanov from the post of ambassador of the People's Republic of Bulgaria to the People's Republic of Kampuchea. Leon Yosifov Berakha has been appointed Bulgarian ambassador to this country. Dimitur Yordanov Chorbadzhev has been released from his post as ambassador of the People's Republic of Bulgaria to the Hashemite Kingdom of Jordan. Yancho Demirev

Demirev has been appointed Bulgarian ambassador to that country. Yordan Khrystov Kalaydzhiyev has been released from the post ambassador of the People's Republic of Bulgaria to the Republic of Lebanon. Stamat Georgiev Stamatov has been appointed Bulgarian ambassador to that country. The State Council has issued a decree releasing Atanas Iliev Chilyashev from his post as ambassador of the People's Republic of Bulgaria to the Kingdom of Denmark. Ivan Dimitrov Spasov has been appointed Bulgarian ambassador to that country. [Text] [Sofia RABOTNICHESKO DELO in Bulgarian 26 Jul 86 p 2 AU] /12624

ANGOLAN ENERGY MINISTER--Sofia, July 28 (BTA)--Mr Georgi Atanasov, member of the Politburo of the CC of the BCP and chairman of the Council of Ministries of Bulgaria, received today Mr Pedro Van-Dunem, member of the Politburo of MPLA and minister of energy and petroleum of Angola. The talks centered on the state of the Bulgaro-Angolan cooperation and on the results of 6th session of the Bulgaro-Angolan Commission for Economic and Techno-Scientific Cooperation, which ended recently. The Bulgarian prime minister and the Angolan minister concretized the general directives for the cooperation to fulfillment of the decisions of the 13th Congress of the BCP and the 2nd Congress of MPLA. [Text] [Sofia BTA in English 1344 GMT 28 Jul 86 AU] /12624

IRAQI FOREIGN MINISTER DEPARTS--Tariq 'Aziz, deputy prime minister and minister of foreign affairs, who has been here on an official visit, has departed from Bulgaria. At Varna airport he was seen off by Ivan Genev, deputy minister of foreign affairs, and by leaders of the okrug and city of Varna. [Text] [Sofia Domestic Service in Bulgarian 1730 GMT 24 Jul 86 AU] /12624

TRANSPORT MINISTER VISITS SFRY--Belgrade, July 24 (BTA correspondent)--Mr Vasil Tsanov, Bulgaria's minister of transport, paid an official visit to Yugoslavia at the invitation of Mr Mustafa Pljakic, chairman of the Federal Committee for Transport and Communications. They discussed questions of cooperation between the two countries in transport and on the possibilities for its further promotion and expansion. Mr Vasil Tsanov was received by Mr Janez Zemljarić, vice-president of the Federal Executive Council, and he met Mr Desimirjeftić, president of the Executive Council of the Socialist Republic of Serbia, and members of the Executive Council of the Socialist Republic of Slovenia. The Bulgarian minister visited transport facilities in Serbia and Slovenia. [Text] [Sofia BTA in English 1400 GMT 24 Jul 86 AU] /12624

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CSO: 2200/155

**FIRST INNER-GERMAN PARTNER CITY AGREEMENT DRAFTED****Background Sketch**

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 7 Jul 86 p 6

[Article signed "Ws.": "Let the People Judge Us by These Words"]

[Text] The cities of Saarlouis in the Saarland and Eisenhuettenstadt in the GDR Frankfurt/Oder Bezirk--following talks between the Saarland Minister President Lafontaine and SED General Secretary and GDR State Council Chairman Honecker--were the first communities to agree on an inner-German city partnership. At the end of April a delegation from Saarlouis, headed by Chief Mayor Henrick (SPD) and including the chairmen of all party groups represented in the Saarlouis city council, was in Eisenhuettenstadt. The draft of a "partner city agreement" was prepared there in negotiations lasting several days with a delegation of local politicians headed by Chief Mayor Sader of Eisenhuettenstadt. In September the parliaments of both cities will discuss and vote on this agreement. Delegations of the respective partner city headed by their chief mayors are to perform "a formal ratification," Chief Mayor Sader thinks. Special importance is attached to the partner city agreement between Saarlouis and Eisenhuettenstadt since more than 300 cities in the FRG have indicated to the Federal Ministry for Inner-German Relations their interest in a partner city agreement with a city in the GDR. Erlangen and Jena want to be next to start corresponding negotiations. We publish here the text of the agreement between Saarlouis and Eisenhuettenstadt with the documents belonging to it. Also reprinted is the "political creed" of the Saarlouis chief mayor, which contains the latter's ideas of the content of a partner city agreement with Eisenhuettenstadt. This paper was not accepted by the other side. A comparison with the actually adopted "agreement" shows how few of the ideas of its chief mayor the Saarlouis delegation was able to include in the partner city agreement.

**Text Draft, Supporting Documents**

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 7 Jul 86 p 6

[Text of agreement signed in Eisenhuettenstadt 23 Apr 86]

[Text] The Agreement

Partner city agreement between Eisenhuettenstadt, a city of the German Democratic Republic, and the district city of Saarlouis, a city in the Federal Republic of Germany.

The city of Eisenhuetttenstadt and the district city of Saarlouis reach a partner city agreement based on the resolution of the Eisenhuetttenstadt city assembly of 26 February 1986 and the resolution of the Saarlouis district city council of . . . ., guided by the desire to make a contribution to peace and to normal good neighborly relations between the German Democratic Republic and the Federal Republic of Germany as well as to promote friendship and cooperation between the citizens of both cities.

Within the framework of their possibilities both cities want to support the striving of the peoples for peace and security, for disarmament, detente, and cooperation. They advocate that the arms race in all fields be ended or prevented.

In this sense it is their intention to foster the political dialogue between the citizens of both partner cities and to work with all their strength for a peaceful future and for the well-being of man notwithstanding differences in social views.

In agreement with these aims and in the spirit of the principles of peaceful coexistence which are included in the Final Act of the Helsinki Conference on Security and Cooperation, in accordance with the treaty on the foundations of the relations between the Federal Republic of Germany and the German Democratic Republic, which include mutual respect for state sovereignty, equality and nondiscrimination in the relations between the two German states, as well as for the purpose of mutual acquainting and for the establishment of friendly relations between the citizens of both cities, the contracting partners agree:

--to exchange their opinion on political questions of mutual interest and to inform one another of the contribution made by the citizens of the city to peace, disarmament, and detente;

--To acquaint their citizens in appropriate form with the life and work of the inhabitants of the partner city;

--To impart information and experiences on the development of their cities and the work of the communal organs;

--To promote cooperation between communal institutions and social organizations or clubs and associations of both cities.

Concerning the concrete measures of cooperation, the meetings and materials as well as other forms of joint efforts, the partners will agree on schedules that are clear in terms of timing and they communicate with one



another in appropriate form concerning their implementation:

Chief Mayor of the City  
of Eisenhuettenstadt

Chief Mayor of the District City  
Saarlouis

#### The Protocol

Protocol on the results of the negotiations of official delegations of the city of Eisenhuettenstadt (German Democratic Republic) and the district city of Saarlouis (Federal Republic of Germany) in Eisenhuettenstadt from 21 to 25 April 1986.

The delegation of the district city of Saarlouis headed by the chief mayor and the delegation of the Eisenhuettenstadt city assembly headed by the chief mayor give their approval to the drafts.

--Partner city agreement between Eisenhuettenstadt, a city in the German Democratic Republic, and the district city of Saarlouis, a city in the Federal Republic of Germany;

--Annual plan for carrying out the above-mentioned agreement for the year 1986;

Possibilities for the further shaping and deepening of the cooperation between Eisenhuettenstadt and the district city of Saarlouis in the coming years

and state they will submit these drafts in the month of September 1986 to the Saarlouis district city council and the Eisenhuettenstadt city assembly for a vote.

Eisenhuettenstadt, 25 April 1986

Chief Mayor of the District  
City of Saarlouis

Chief Mayor of the City  
of Eisenhuettenstadt

#### Attachment to the Protocol

Attachment to the protocol on the results of the negotiations of official delegations of the city of Eisenhuettenstadt (German Democratic Republic) and the District City of Saarlouis (Federal Republic of Germany) in Eisenhuettenstadt from 21 to 25 April 1986.

Both delegations agree:

1. The costs for the stay of delegations, cultural and sports groups are borne by the respective host city.

The participants of delegations, cultural and sports groups are

accommodated in the host city in hotels or communal facilities.

2. The travel costs and the per diem of the members of the delegations, cultural and sports groups are borne by the delegations themselves.

Eisenhuettenstadt, 25 April 1986

Chief Mayor of the District  
City of Saarlouis

Chief Mayor of the City  
of Eisenhuettenstadt

#### The Recommendations

Recommendations for the cooperation between Eisenhuettenstadt and the district city of Saarlouis in the coming years

--Holding seminars and informative talks between the partner cities on current questions concerning peace and disarmament;

--Fact-finding trips to find out about positions and experiences of communal politicians on questions of economic and social policy, the importance of scientific-technical developments for the social conditions of man and for the environment, the responsibilities of the communities for the shaping of the working and living conditions, especially for the development of the housing construction, local traffic, culture, sports, nearby recreational facilities and health care.

--Topic-related exchange of delegations to find out about the social problems related to their work; this concerns labor unionists, youths, women, craftsmen, intellectual and cultural workers and other vocational groups;

--Exchange of youth tourist groups;

--Exchange of cultural groups and artists, especially for participation in the annual "Saarlouis Week" and the Oder Festivals;

--Holding of exhibitions of visual arts and photography, as well as exchange of amateur films;

--Cooperation between the museums of the cities and exchange of materials, exhibits or loans to illustrate the city history;

--Exchange of sportsmen for participation in sports festivals or competitions and of sports comparisons.

#### The Annual Plan

Annual Plan for carrying out the partner city agreement between Eisenhuettenstadt, a city in the GDR, and Saarlouis, a city in the Federal

Republic of Germany, for 1986.

1. Stay of a delegation of the district city of Saarlouis, headed by the chief mayor (9 persons), in the month of April in Eisenhuettendorf to reach an understanding on the draft of the partner city agreement, on the 1986 annual plan as well as on the possibility for cooperation in subsequent years.
2. Mutual participation of a group of city councillors headed by the chief mayor in a session of the city assembly in Eisenhuettendorf or of the city council in the district city of Saarlouis for voting on the partner city agreement.

Target date: the month of September.

3. Participation of a cultural group from Eisenhuettendorf (about 30 persons) in the "Saarlouis Week" in early June as well as of a cultural group of the district city of Saarlouis (about 30 persons) in the Oder Festivals in Eisenhuettendorf in the month of October.
4. Exchange of information on initiatives of the citizens of the partner city in the UN Year of Peace in the month of November. Publication on it in the media.

"Political Creed" of the Chief Mayor of Saarlouis, Henrich (SPD)

The city of Eisenhuettendorf, border city of the German Democratic Republic, and the city of Saarlouis, border city of the Federal Republic of Germany, herewith solemnly declare their link as partners. It is the aim of this partnership to bring citizens of both cities closer to one another in manifold meetings, to create understanding and friendship and to serve peace.

The citizens of both cities and the citizens of both states belong to the community founded on descent, language and culture, which is called the "German people."

They are shaped by centuries of common cultural and political history, they know about the horrible measure of guilt and responsibility with which Germany has burdened itself in the 12 disastrous years of its history by war and persecution. They see in the partition of Europe from which all European nations suffer and in the partition of Germany a consequence of this historic guilt.

Against this background, both cities, belonging to different states and different social orders, avow a commitment of a special kind going beyond the general aim of promoting peace:

This partnership is to contribute

--so that the horizon is not narrowed by turning away from the common German history and the recognition of what Germany "owes" as a contribution to a new, better order of Europe and the world, is not made more difficult,

--that not only with regard to the past but also for the future it will be possible to speak of one German history,

--that with the avowal of the common history the will is aroused and promoted to contribute through the cooperation of both German states to a new order which is not characterized by blocs and compulsory attitudes corresponding to them, not by constant arming and counterarming, not by fear of nuclear, chemical or biological destruction, but by togetherness of the nations in solidarity,

--that the history of the Germans is again felt to be an open process in which it is important to participate, to prove oneself.

--that discouragement and resignation are no political virtues.

Let the people judge us by these words!

#### FRG Editor Critique

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 12 Jul 86 p 1

[Article by Dr. Peter Jochen Winters, head of the Berlin editorial staff: "Partnerships Between German Cities"]

[Text] The cities of Saarlouis in the Saarland and Eisenhuettenstadt in the GDR Frankfurt/Oder Bezirk as first communities reached an inner-German partner city agreement. At the end of April a delegation from Saarlouis, which, headed by Chief Mayor Henrich (SPD), included the chairmen of all party groups represented in the city council, prepared in Eisenhuettenstadt with a delegation of community politicians headed by Eisenhuettenstadt Chief Mayor Sader the draft of a "Partner City Agreement" of both communities. (The text of the "agreement, including the supplementary documents, was published in the 7 July edition.) In September both city parliaments are to discuss the agreements and vote on it.

Thus far over 300 cities and municipalities in the FRG have indicated their interest in a partnership with a community in the GDR to the Federal Ministry for Inner-German Relations. But thus far at best Erlangen has a prospect to achieve the desired partnership with Jena. The GDR State Council chairman has made promises to that effect to the SPD top candidate for the Bavarian Landtag elections, Hiersemann, when the latter visited the GDR. But the GDR has also indicated that at most it is interested in such city partnerships in some exceptional cases.



The "agreement" between Saarlouis and Eisenhuettenstadt cannot be a model for future partnerships but more likely a warning example. The draft of the "agreement" with its bombastic preamble reads like an international treaty between states but not like an agreement between communities. What is being said on foreign policy questions, on peace and security policy, on disarmament, detente and the arms race by far transcends the competence of a community. Above all it is not a task of communities, invoking various provisions of treaties such as the Helsinki Final Act or of the Basic Treaty of the FRG with the GDR to aid a one-sided, distorted interpretation of these treaties.

What the Saarlouis people included in their agreement clearly shows the mark of the GDR. Since moreover the main content of the planned city partnership is supposed to consist in exchanging opinions on political questions of mutual interest--what is meant are quite obviously foreign policy questions--and to keep one another informed what contribution the citizens of the city are making for "peace, disarmament, and detente, the question arises as to the compatibility of this "agreement" with FRG national law.

Not that anyone would one to dispute the right of the Saarlouis citizens to advocate peace, disarmament, and detente. But foreign affairs, as well as defense including protection of the civilian population, according to the Basic Law, are exclusively the province of the Federal Government. The communities--as well as the Laender--have no competence whatsoever here. Thus the Saarlouis city council could not declare the city to be a nuclear-free zone. The Saarland constitution also states clearly: "To promote the welfare of their inhabitants, the municipalities fulfill all public tasks of the local community unless they are assigned by law to other agencies in the public interest." If the Saarlouis city council were to approve this partner city "agreement" with Eisenhuettenstadt in September, then it would be the turn of the Saarland interior minister as supervisory authority to act. He would have to examine the "agreement" and then presumably declare it null and void as a whole or in part.

Of the idea of the Saarlouis chief mayor that the city partnership should bring the citizens of both cities closer together in manifold meetings, to create understanding and friendship and thus to serve peace, there remains in the "agreement" at best the "political dialogue between the citizens of the partner cities." Of the profession to the common German history and the statement that the citizens of Saarlouis and Eisenhuettenstadt equally belong to "the community founded on descent, language and culture...which is called the 'German people,'" there is not a word in the "agreement."

How the eastern side concretely envisages the city partnership is shown in the "attachment" to the "protocol": "The lodging of the participants of delegations, cultural and sports groups takes place in hotels and community facilities." It is not citizens that are to come closer together in

manifold meetings, but delegations and groups that have been selected and are led. And the members of such delegations and groups are not permitted to live in private places but must remain under control in hotels or community facilities.

The Saarlouis delegation must have been out of its mind in Eisenhuettenstadt when it accepted something like that and failed to state at least once in the "agreement" that what is important above all is that citizens--individually and privately--must be able to meet if city partnerships are supposed to make any sense.

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## BOOK ON NEUTRALITY OF FOUR EUROPEAN COUNTRIES PRAISED

Budapest KULPOLITIKA in Hungarian No 2, 1986 pp 134-136

[Book Review by Andras Gyuris of Janos Szabo's 'Armed Neutrality']

[Text] Janos Szabo chose an exciting subject for examination: the question of neutrality. Not many works have been published in Hungary about this peculiar phenomenon so far.

Janos Szabo examined the problem of the neutrality of four European countries: Austria, Switzerland, Finland and Sweden. He did not work out new definitions. His book provides a rich material of facts, put into a clear theoretical framework, about the peculiarities of the individual countries. In the first chapter he sums up the historical stages of the development of neutrality, its international legal conditions and interpretation, and its criteria demanded by today's international law. In the first part of the chapter he examines the evolution of geographical, historical, foreign and internal political and military political factors leading to neutrality. The second part sums up the history of the declaration of neutrality. The third part examines the individual doctrines of neutrality and the fourth part gives plenty of data about the organization and the equipment of the armies of the four countries as well as about their arms industries.

The historical surveys are very interesting as the countries under examination came to the recognition of the necessity of neutrality through very different ways. Necessity is an operative word. Austria, the "youngest" neutral country of the four, was already a declining empire during the 1st World War but it was still a great power in Europe, while in the 2nd World War it was already the puppet of another great power, of Hitler's Germany. Austria came to the recognition of neutrality as a historical solution in a short though stormy time--only four decades. In its geographical environment the economic, political and military power relations changed past recognition and this has made the country to reconsider its situation and to ensure for itself the greatest possible independence under the changed power relations. Austria has found its place in Europe. It can no longer be a great power--nor does it want to be, but it does not want its matters to be decided by others either. Neutrality brought prosperity for the country. It is now again respected but not because of its military power but because of its realistic and active policy that takes the actual possibilities wisely into consideration.

Sweden was also a great power in times past. Its power declined earlier but it found its new place also with more difficulties. In the course of its policy of five centuries and after several attempts to form alliances, at about the beginning of the last century Sweden began to take an ever more resolute stand for neutrality. The European power ambitions turned away from the northern states and thus Sweden remained neutral in the 1st World War too. During the 2nd World War it could maintain its status only at the cost of considerable concessions but with the turn of the fortune of war it was able to say no to the German demands. Due to the changes in their history, the Swedish people have not developed a uniform system of views about their own neutrality. Their status is not regulated by international obligations and guarantees but by common consent we regard their country as a neutral one. The Swedish opinion is changing at present too. This will probably not change the fact of neutrality but will surely influence its enforcement as expressed in policy.

The neutrality of Switzerland looks back upon the longest past and although it has been regulated by acts of international law only for a century and a half, due to its unbroken enforcement for several centuries it is regarded as the most stable one. Switzerland recognized as early as in the Middle Ages its special situation, the fact that its forces are not enough for power politics but due to its geographical conditions and famous army it can successfully defend its territory. Thus Switzerland could successfully avoid the destruction of wars for several centuries and it took part in European conflicts only indirectly, through its mercenaries. The 2nd World War put the neutrality of Switzerland also to a hard test but the small republic successfully resisted every power that violated the sovereignty of the country. In humanitarian questions, however, it took several times contradictory stands and for economic considerations it was forced to make certain concessions to Nazi Germany. It is one of the peculiar features of the Swiss concept of neutrality that to a certain extent the old view survives which is manifested in foreign political questions first of all in the contradictory relations with international organizations.

The neutrality of Finland is relatively young--just like that of Austria--and the recognition of the realities after the 2nd World War had a decisive part in its development. Unlike the other three countries, Finland has never played an important role in the history of Europe. Its contemporary independence is also due first of all to the changes in external conditions. It was before the end of the 2nd World War that Finland recognized the need for a new foreign policy in order to protect the new status that ensures the peaceful development of the country. It had to take cognizance of the changes in the power relations in the region and to realize that it can preserve its sovereignty and social system only if it pursues a stable and calculable policy, and above all the fact that its security is closely connected with its relations maintained with the Soviet Union.

In addition to the above the Finnish policy of neutrality was able to realize that its status does not necessarily demand political inactivity, what is more, on the basis of the principle of confidence it can perform very active international activity.



In the case of all the four countries neutrality led to the working out of special military political concepts that take into consideration the geographical environment, the economic possibilities and the military-geographical conditions and the possibilities of their military application in the most favourable way. The results are, of course, different in the case of the four countries but there are similarities, too.

In the case of all the four countries, the natural features of the terrain are of the kind that makes an attack very difficult and does not make possible military operations carried out with the concentration of up-to-date weapons.

Practically all of them reckon with conventional attacks but this does not mean that they exclude the possibility of the use of nuclear weapons against them. The Swiss and the Swedish armies have planned concrete measures for that case.

They set out from the assumption that the losses to be suffered by the attacker would not be commensurate with the strategic importance of the four countries, that is the enemy would have to pay a much too high price for the occupation of their territory. Austria and Finland are of the opinion that they could not realize national defence in the traditional sense of the word. Consequently, for instance Austria has not made preparations for defending its frontiers but for defending area. It makes efforts to be able to cause considerable losses to a possible aggressor by cheap but effective weapons.

The military doctrines of Switzerland and Sweden are more complicated as they have the economic possibilities needed for traditional national defence. They do not reject the concept of defending the frontiers either.

Militia-army and short training period are characteristic of all the four neutral countries. In spite of this the standard of training is high and reservists are relatively frequently called in. As regards the individual branches of service there are considerable differences from the point of view of quality and quantity alike. Although the neutral countries have developed a high standard manufacture of arms they are unable to supply their armies with the necessary quantity and quality of heavy armament. Consequently they increasingly depend on the large arms manufacturers of the world. It is characteristic that the majority of them manufacture tanks but only a part of them has been developed by the country concerned. Only Sweden is able to develop and manufacture fighting planes but it is well-known that the neutral countries have to import component parts, development results and technologies from the great powers, or to buy licences from them. Due to the points of view of profitability and to other financial causes the arms industries of the neutral countries have to export, too. Due to their status, however, this is made difficult by political and legal restrictions. In spite of this they are relatively important exporters especially in the field of some special weapons.

The last chapter of the book sums up the criteria of armed neutrality without trying to give some sort of model. On the basis of the conclusions of the book it is not difficult to discover the effect of the military political concept of the neutral countries on the birth of the concept of "alternative defence," and perhaps we cannot exclude the assumption either that neutrality will not remain a European speciality in the future.

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## MIODOWICZ DEFENDS OPZZ'S PERFORMANCE

Warsaw ZYCIE WARSZAWY in Polish 28-29 Jun 86 pp 1, 3

[Interview with Alfred Miodowicz, chairman of OPZZ, by Daniela Sielska]

[Text] [Question] Until recently, the activities of the trade unions was a socially very sensitive matter. Now your movement numbers 6,400,000 members and has a voice in all of the important problems of your community. You also have an important place in the politics of our country. What was responsible for this turnaround, which was so favorable to you?

[Answer] I think that we can attribute that in large degree to the habit of belonging to a union. Furthermore, there are now many factors which seem to be personally threatening, and many people believe that the workplace provides an adequate degree of social security. The worsening labor conditions, the unceasing everyday problems also, I believe, call for a need for additional protection, and the trade unions always declared their willingness to meet all problems headon. What is more, they have the powers which make it easier for them to protect the interests of working groups and individuals. Generally, the union movement is oriented towards developing different, let us say, social services connected with health protection, rest and culture. In this way we can ensure concrete assistance for workers, which is particularly important at a time of economic difficulties.

[Question] But in turn these difficulties to a large degree make your job more difficult.

[Answer] Indeed, they do not help us. It is not possible, for example, at this time to obtain a significant increase in wages or demonstrate that these services have been greatly expanded, nor can we ask for new entitlements for workers. Quite the opposite, many efforts must be made to retain the entitlements we already have. Actually, we are trying very hard not to lose what we now have.

[Question] That is why some union members, and sometimes even the activists, say that the present union movement is not aggressive enough insofar as the protection of workers is concerned...

[Answer] And others simply say the opposite, that we are demanding too much. Meanwhile, we are trying to maintain the right proportions between the interests of the workforce, the enterprise, and society as a whole. After

all, concern for the country or the factory lies in the interest of the workers and the citizens. But I am not saying that we are satisfied with ourselves. We have not done much as regards social expectations and needs. Also, many of our failures, and I am referring not only to the trade unions, stems from lack of imagination on the part of the people making the decisions.

For example, do the planners, in making their proposals, have to adhere so strictly to the books? It then becomes impossible to utilize the reserves which lie in the qualifications, intellect and skills of the working people. It is not possible to utilize such important factors as energy and the desire to work. From here the distance to passiveness is very short. What is worse, many officials have an irrational faith in the great importance of legal acts, orders and decrees. They would like to standardize almost every aspect of human life in this way. This, too, stifles individual and group initiative. Furthermore, often the creators or executors of these legal acts themselves denigrate them. An example here is the law on pensions and annuities. For all practical purposes it has hardly become effective and already it is being amended. Isn't this a little strange?

[Question] Do we understand, then, that you are critical of the work of the administration?

[Answer] Only of that administration which believes in its own infallibility. And this is not rare, and the tendency is growing. In this type of element, every opinion evokes a charge that we are practicing voluntarism, or that we are in conflict with reform. Meanwhile, we are really looking at part of the state administration, the middle level, I would say. Is it truly reformed? We have many reports that better staff selection is needed.

[Question] Therefore, the unions do not feel good in the role of a partner to the administration?

[Answer] I cannot say that we feel bad. We are simply learning to fight for what is ours. We are learning to be stubborn and circumspect. This does not mean that we do not accept reasonable, substantive arguments. It is precisely the differences in opinions which tell us that we must be well-prepared for every discussion. That, let me say, develops us intellectually. But the point is that after such a discussion and after finding a common ground, decisions should be made which conform with the spirit of these agreements. And this is not always the case and then we must take additional measures to enforce the rights due us.

[Question] The union members would probably like your successes more than your compromises. What, then, have you accomplished?

[Answer] Our successes are already history. Now we have to think about how to get along best in the existing circumstances. That is perhaps why I will tell you first what is vexing us. First of all, we know that we have not been able to settle several such matters. In saying "we", I am referring not just to the trade union movement. We do not feel, for example, that any basic improvement has been made in the situation regarding pensioners and annuitants, particularly those who retired under the old rules. Nor, on the



national scale, has any visible progress been made in housing construction. A great deal has been said and written on this subject, but thus far there have been no results. Blocking the expansion of social activity in the plants is the lack of a law on a social and housing fund. We coordinated this with the government a long time ago, and only now is this plan before the Sejm--the commissions are working on it.

[Question] In other words, there are only reasons for dissatisfaction.

[Answer] Not entirely, because in spite of many obstacles we have put a factory housing construction movement into motion.

[Question] But it is said that you are taking sites, materials and contractors away from the general cooperatives, in which people have been waiting in line for many years.

[Answer] And who is waiting in these lines? Is it not the workers of these very factories? After all, in building faster and more efficiently than the traditional cooperatives we are reducing this waiting time. Thanks to our demands, which are, after all, a repetition of the demands of the workforces, housing construction has been put at the head of the most important problems in the National Socioeconomic Plan. And certainly the results of the first plans were meager. The system for valorizing these amounts, proposed by us, has been accepted in the aforementioned draft law on a social and housing fund.

I believe that our idea of two-stage collective bargaining agreements, with the factory agreements making up the largest part of them, if approved by the Sejm, will make it possible to put the system of wages and other work-related benefits into order. To say nothing of the fact that thanks to the amended law on trade unions their status in the country and in the factories has risen, because in many cases they obtained settlement entitlements. Thus far, the factory union organizations are only making partial use of these entitlements.

Our collaboration with worker's self-managements is going well. Of course there are jurisdictional disputes or other conflicts, but they are rare. We initiate measures jointly, just to mention the creation of a Health Protection Fund for metalworkers. We have established partnership relations with the party. It is showing its interest in the unions and supports their development through the participation of PZPR members in the work of union organizations. In turn, the union movement understands the party's leading role and that collaboration is based on efforts aimed at solving the country's difficult social and economic problems.

[Question] You are a delegate to the 10th Party Congress, along with other activists. What problems would you like to see discussed at this Congress?

[Answer] We would like to talk about a need for understanding of people's expectations and their hopes. It is often said that these hopes are exaggerated and unrealistic in our present economic situation. But is a young person who is waiting for an apartment--I always return to this painful

subject--really demanding something extraordinary? Especially if, in addition, he actively participates in the realization of this dream, makes the necessary financial contribution, i.e., meets all of the required conditions. And yet he is told that his dream cannot be realized. Is it too much for people to expect that the price-wage spiral and the race with inflation will end? Particularly when we are saying so much about mechanisms of reform. Let them, at last, function efficiently!

I understand the argument that there is no money. But let us see whether it is really necessary to write off the money frozen in postponed investments as a loss. We are also always talking about the need to save, and also to economize on coal. And what has been done, for example, to make better use of brown coal? The gathering of dead forest wood, being popularized, is not the solution to the problem of energy raw materials. I am sure that the economists would make a better case in behalf of my point. But what I am saying is that an attempt is being made to accomplish new tasks using the same old patterns and solutions. Meanwhile, we must be flexible. We must more rapidly create the conditions by which these natural, human needs and anticipations can be met. Any other path leads directly to social indifference and discouragement. Are we doing everything we can to prevent this?

I believe that the piecemeal method does not make for rapid progress. I think we expect the party to make this decisive and important step. We expect a clear concept of action for future years, skilfulness in convincing us of the correctness of this concept, inspiring confidence in it, and as a consequence, putting it into effect. Of course, it is difficult to expect that concrete and detailed decisions will be made at the Congress. My hopes center around the strategy which the Congress will outline on the most important economic and social matters.

[Question] And what will then be the participation of the trade unions in the accomplishment of these tasks? One of your functions is to jointly participate in the country's socioeconomic activities.

[Answer] Trade unions are always where there is production and work. But in organizing it we will not replace the factory administrations. We can only indicate the need for improvements and assist in them. Anyway, we are already doing this in many cases. We are also pointing to the need for work incentives. In any case, we also have our own proposals. We are now trying to develop fragmentary initiatives, e.g., greater interest in savings or work improvement. But here, too, the lack of suitable incentives stands in the way, and we are calling attention to this. We are thinking about new forms of work rivalry. I personally believe that traditional work competition will find no response from the workforces and would not be very effective under present conditions. We are also trying to strengthen our movement internally. It will then be easier for us to bring all our reasonable initiatives to completion. It is not just a matter of doing something, but of doing it well and achieving measurable results.

## OPZZ CHAIRMAN MIODOWICZ INTERVIEWED ON TRADE UNION TASKS

AU230900 Sofia TRUD in Bulgarian 22 Jul 86 pp 1, 2

[Interview given by Alfred Miodowicz, OPZZ chairman and member of the PZPR Central Committee Politburo, to Khristo Asurdzhiev, TRUD correspondent, "recently" in Sofia]

[Excerpts] Alfred Miodowicz, OPZZ chairman, recently visited Bulgaria. He was kind enough to receive a representative of our newspaper and answer his questions.

[Asurdzhiev] Comrade Miodowicz, the entire world's following with interest the developments in the Polish People's Republic. The interest of the fraternal socialist countries, including our own country, is especially great. TRUD readers also are interested in what is happening in Poland and what tasks are now being solved by the Polish Trade Unions.

[Miodowicz] Many serious problems connected with the development of the national economy and the economic reform are now being solved in our country. The most important thing is that everywhere the working people and the trade union organizations at all levels support the slogan "Wages Will correspond to Labor".

We need more than goodwill in order to achieve this. It is necessary to create well regulated and correctly acting organs. The wage agreements of 1984 really encompass a great part of the enterprises. They were signed by the trade union organizations and, in principle, the tasks outlined in these agreements have been solved. However, there is more work related to wages to be done. This is one of the great problems in whose solution the Polish trade unions are actively participating at present. I would like to stress again that the issue of the wages will be solved on the basis of actual production. It is clear that we can only distribute what has been produced, both quantity and quality of production being taken into consideration. In this context we are talking about some new technologies for saving raw materials and other materials. [Passage omitted on the OPZZ tasks in apartment construction, environmental protection, and organizing cultural and free-time activities for the workers.]

From the organizational point of view the Polish Trade Unions are getting stronger every day. When I was in Bulgaria last year, 5.5 million people were members of the trade unions. Now we have 1 million more members. The members are organized in 26,000 primary trade union organizations. The Polish Trade Unions are based on the federative principle, the primary trade union organizations having the greatest rights. It is with them that the OPZZ maintains the closest relations. [Passage omitted on cooperation between the Polish and Bulgarian trade unions.]

[Asurdzhiev] The 11th World Trade Union Congress organized by the WFTU will take place in Berlin, the CDR capital. Drafts of the congress basic document have been sent to all national, regional, and international trade union organizations. What will the Polish Trade Union's contribution be, and what do you expect from the congress?

[Miodowicz] The WFTU is giving us the broad opportunity to understand what is going on in the workers' circles and trade unions of the underdeveloped countries, and how the international trade union movement is developing. The forthcoming world congress will be the first in which the new Polish trade unions, constructed on the class principle, will take part. Our trade unions have an important role within the WFTU. We think that our 12-member delegation, in which not only OPZZ and branch federation figures are members but also workers from the plants, will take an active part in the congress and the work of its commissions, and wherever necessary we shall express our opinions. We are making serious preparations for the congress. Our recent talks with Comrade Petur Dyulgerov was devoted to this subject. For our trade union the period until the congress will be a period of strenuous preparation on the part of all units, because it coincides with the opening of our own congress. This will be an event of an exceptional importance for us, because the congress will have to approve what has been done so far. It will adopt a program, outline development prospects, and adopt appropriate amendments to the trade union statutes, something which will help the trade unions to draw closer together.

Speaking about the WFTU, I must point out that we have great hopes in the international workers' and trade union solidarity in the struggle for peace and international cooperation, and for removing the danger of the nuclear death, which jeopardizes mankind. We support the valuable initiatives in this respect, which were recently voiced.

These are our basic positions. Poland is in the center of Europe, and the storms of the two world wars passed through it. In 1945 there was no Polish family that had not suffered during World War II. Today, for the first time in its history Poland has secure borders and loyal friends. On this foundation conditions have been created for developing socialism in our country. However, we must not let up our attention. We must continue with new energy to struggle for peace and the expansion of international cooperation. In this respect the OPZZ is working on a broad front, essentially created by the WFTU's tireless activity.



## OFFICIAL RECONCILES UNIVERSAL, NATIONAL FEATURES OF SOCIALISM

Warsaw PRAWO I ZYCIE in Polish No 26, 28 Jun 86 pp 3, 4

[Article by Adam Lopatka, minister, Office of Religious Affairs: "Directions of the Development of the Political System"]

[Excerpts] In recent years, the concept of the political system has entered the political vocabulary of the socialist countries. It is frequently used in the party program drafted for the 10th PZPR Congress, as well as in other documents. What is the political system? In what directions should it develop in Poland?

In every socioeconomic structure, a socioeconomic system and a political system can be distinguished, which are characteristic of the structure in question. The socioeconomic system is determined by relationships of property and the distribution of goods, the class and nationality composition of society, and the territorial distribution of the population. The political system in turn has a formative effect upon the socioeconomic system.

The political system is characterized by the relationships of authority existing in the socioeconomic structure in question. Within its framework, the country's political life takes place, and the desires of classes, social strata, peoples or nationalities (and also other social groups) to achieve or exercise power, or to increase their influence in society, are realized. Furthermore, in the final analysis this has to do with the possession of state power, or fundamental influence on the way it is exercised.

The 10th PZPR Congress will outline the directions that further positive changes in the Polish socialist political system should follow. In the sphere of ideas and values, these changes—as it appears from the pre-congress discussion and the draft documents—should be based on creating conditions that favor ensuring that Marxism-Leninism has the leading role in the culture—broadly understood—of Polish society. Marxism-Leninism is treated as a living science that provides answers to continually new problems of modern life and outlines ways to solve the problems of social development successfully. It is to determine ways to form the socialist consciousness of the people in the ideological and political struggle with the domestic and foreign enemies of socialism. The front in this struggle runs, with differing intensity, through all social milieux.

In the sphere of institutions, the 10th Congress advocates not so much forming new organs and structures, as improving the functioning of all of the institutions and mechanisms already in existence. Each of these institutions is still far from fully utilizing the potential capabilities, and from the desired excellence in everyday activities. Strengthening democracy and fully utilizing all of the mechanisms of socialist democracy are the main directions for the further development of the political system. Changes in the functioning of the institutions in the political system should serve the requirements originating from the process of economic reform and the renewal of social life, including moral renewal.

In the normative sphere, the further development of the political system is determined by the assessment that the changes in the legal system that occurred in recent years as a result of the implementation of the policy outlined by the party's 9th Congress are positive in nature. Stabilization of the legal system is therefore necessary at present. Changes should be limited to the essential minimum. It is also necessary to reduce the number of legal regulations, especially those contained in the executive documents for laws. Stabilization of the legal system will promote the growth and consolidation of socialist legal consciousness, and strengthen citizens' sense of certainty and legal security. It will promote improvement in the work of the state and economic administration.

The party was and remains the main architect of the formation of the Polish socialist political system. It will continue to perform its three inseparable functions: a serving function with respect to the working class, working people, and the people; a leading role with respect to society; and a managing role in the state. As Wojciech Jaruzelski defined it more precisely, "The first results from an ideological-moral imperative, from class obligation. The second is based on winning the trust of working people, establishing closer ties with them, and strengthening credibility in their eyes. The third is a historic necessity with respect to the state organs on the path of the building and development of socialism." (TRYBUNA LUDU, 2 May 1986). None of these functions can be performed independently. The party will perform its leading role in the state in accordance with the principles of democracy, through a representative system within the framework of the law, without either superseding or replacing state organs, and respecting their status and authority.

The assessment that the Polish People's Republic's political system is fixed and stable as a result of its historical development does not rule out the need to establish more new institutions. The Democratic Party is announcing a project to restore the Office of the President in Poland. PZON's program includes the formation of an institution of Guardians of the Rights of Citizens, and also the passage of a law on social consultations. Such proposals are consistent with the nature and developmental logic of our political system. It is a matter for quiet discussion as to whether and when and in what form they are to be introduced.

Some other proposals, originating from opposition circles, are of a different nature. They are aimed at introducing into our political system institutions that are by nature alien to it, and which would result not in improving the

system, but rather in destroying it. This type of proposal includes the call for legalizing the political opposition and giving it freedom of action.

The ideological basis for building socialism is and can only be the creatively applied science of Marxism-Leninism. This theory cannot be separated from life. It must courageously and undogmatically make generalizations from the real processes taking place in Poland and the world. The documents prepared as a result of the decisions before the 10th Congress emphasize that the development of socialism requires overcoming both revisionist distortions of Marxism-Leninism, and also the dogmatic-sectarian tendencies attempting to force new phenomena into old patterns, making use of the revolutionary process and demagoguery. In this manner it has been confirmed that it is not possible to build socialism simultaneously on the basis of two sociopolitical doctrines—Marxism-Leninism and Catholicism.

This means that the Marxist-Leninist party and the socialist state, ideological-educational youth organizations, trade unions, and some other organizations are guided in their activities by the theory of Marxism-Leninism. It does not mean, on the other hand, that other organizations and institutions forming part of the socialist political system are to be guided in their activities by Marxism-Leninism. Some of them have democratic and progressive traditions of many year's standing, which are quite consonant with the science of Marxism-Leninism and are creatively utilized in the process of building socialism. This particularly applies to the popular and democratic democratic movement.

Our experience in building socialism in Poland has shown that organizations and institutions that are not guided by Marxism-Leninism or other secular progressive theories or ideologies can belong to the socialist political system. These organizations, within their sphere of activity, can be faithful to their own traditional ideologies, while adhering primarily to their progressive and democratic elements, and leaving conservative elements in the background. It is sufficient that the political system as a whole, and its main organizations and institutions essentially involved in building socialism, be inspired by Marxism-Leninism. This system is characterized by a permanent pluralism of world views, which does not contradict the fact that as a whole it has been formed by the science of Marxism-Leninism. The latter also sets the course of its historical development.

The PZPR is confirming its desire to continue the coalition method of exercising state authority. This method is one of the original achievements of the Polish People's Republic. It was verified during the crisis period. The alliance of the PZPR, the ZSL, and the SD, with the participation of Catholic and secular Christian association, is of a strategic and permanent nature, not a temporary and tactical one. It creates an important mechanism for partnership and joint responsibility within the framework of the socialist political system, expresses the unity in diversity of Polish society, and serves its vital interests.

The PZPR is the main motive force for the Polish socialist political system. It is inseparably and permanently linked with the fate of the Polish people, and grew out of its history and needs. It draws its mandate to lead in the

building of socialism from the class and worker essence of its policy and accomplishments, from the science that guides it, and from its program of action, which reflects the most fundamental interests and aspirations of working people and of the people as a whole. The strength of the PZPR is also a result of its personnel composition. The party takes care that its ranks include people who are dedicated and morally sensitive, who are looking to it for a chance for constructive action, and not privileges; people who excel in fulfilling their duties as citizens and their professional obligations, who are independent in thought and action, willing to take difficult tasks upon themselves, to defend the party's political line, and to secure the support of their fellow citizens for it.

Both universal and specific characteristics of the building of socialism are embodied and realized in the Polish socialist political system. Both are socialist in nature. Both are national, Polish, in nature. Both are inevitable and essential, since they have profound roots in the historical and modern realities of Poland and in the challenges that the people must face.

9909

CSO: 2600/550



## SEJM S&amp;T COMMISSION VIEWS TASKS, GOALS

Warsaw RZECZPOSPOLITA in Polish 5-6 Jul 86 p 3

[Interview with Colonel Zbigniew Puzewicz, professor and engineer, chairman of the Sejm Commission on Science and Technology, by J. Korzeniowska-Krasowska: "Reform in Science"]

[Text] For 7 months now, the outstanding scientist, one of the fathers of Polish quantum electronics Col Prof Dr Zbigniew Puzewicz has headed the Sejm Commission on Science and Technical Progress. We are discussing the work of the commission and its part in shaping the new system of managing science and technical progress.

[Question] The beginning of your commission's work was not easy. In a short period of time, you had to finalize several resolutions associated with the science policy of the state which were initially brought up by the commission of the 8th Sejm. It was not easy for the press to catch up with you...

[Answer] The task was quite complex indeed, especially for us, the deputies who are taking part in the Sejm proceedings for the first time. When we began our work, the Committee of the Council of Ministers for Science and Technical Progress and the Administration for Technical Progress and Implementation were already in operation. New draft laws on the organization of science in the country were awaiting consideration. This also happened to be the time when the budget for the next year is passed. We had to review the draft budgets of the Ministry of Science and Higher Education, the PAN [Polish Academy of Sciences], the PAA [National Atomic Energy Agency] and the PKiU [Polish Committee for Measures and Quality].

Getting acquainted with the problems of just these institutions required a great effort on the part of the deputies, even more so because the number of deputies from the previous term who continued on in our commission is small.

[Question] You referred to the work by the commission on new bills. They have become law; in other words, they have been adopted by the Sejm. What is your view of these events?

[Answer] It is too soon for a definitive evaluation. The relevance of solutions must be borne out by everyday practice. In my view, the general

evaluation will be positive. These laws were necessary in order to bring to a close a particular stage of work on a new format of scientific life and technical progress. For example, the law on central funds for the development of science and technology outlines the way in which these funds are to be maintained and serves as a basis for setting the amount of spending for scientific-technical progress in the central annual plan and the draft national socio-economic plan for 1986 through 1990. It is significant that this spending will increase markedly.

I would like to stress that the Central Fund for Implementation Support has been set up, which is without precedent in the history of organizing scientific-technical progress. To be sure, the fund is relatively small. Nonetheless, by the end of the current five-year period it may be vital in putting on stream specific innovation products.

[Question] In April of this year, you effected the adoption of the "Nuclear Law." The events in our country which occurred after the nuclear reactor accident in Chernobyl confirmed how much need there was for this legislation. These events have borne out the soundness of legislative arrangements.

[Answer] The adoption of each of the laws was preceded by many months of arduous work, many reviews of the drafts and amendments with the participation of a large number of outstanding specialists. The legal act "Nuclear Law" indeed embraces the entire gamut of issues related to the use of nuclear energy, including matters of protection, radiological supervision, siting nuclear plants in the drafting stage and so on. The law turned out to be very well-considered and the suggested arrangements turned out to be sound.

[Question] At present, what is the most important item in the proceedings of the commission?

[Answer] Attention of the commission is fixed primarily on the draft national socio-economic plan for 1986 through 1990, that is to say on its section on science, technical progress and higher education. We review these issues from the standpoint of their combined impact on the arrangements in managing the scientific-technical progress in the environment of economic reform.

Work is underway on outlining the CPBR [Central R&D Programs] and CPBP [Central Programs for Fundamental Research]. We take interest in the proportion of allocations for fundamental research and R&D work, the extent of government programs and soundness of their choice, the connection between the research done in the previous five-year plan and that envisaged for the current one. We determine whether research currently underway will indeed bring about a narrowing of the technological gap or whether it will turn out after a while that, due to the lack of continuity in a particular field of research, the distance between us and the countries in the economic lead will increase.

[Question] Assurances that the currently prepared R&D programs are open-ended and that they will be continuously modified, in keeping with current needs, are repeated in my statements by persons in charge of the organization of science in the country.

[Answer] We will also see to that. Money allocated for scientific-technical progress should bring a maximum benefit for our socio-economic development. This is why we are reforming the organization of science in Poland and are striving to streamline the management mechanism. We are aware that in the current five-year period the influence of scientific-technical progress on the condition of the economy will not be great due to many objective causes. This five-year plan must be a preparatory period for decisive influence by scientific-technical progress on economic activities.

[Question] Recently, a new term has surfaced, namely, "companion programs". People are wondering whether this involves setting up new scientific teams of sorts.

[Answer] Let me explain. There is a particular group of programs involving, for example, development of electronics, biotechnology, new structural materials and so on. These programs must tie in well with each other, must factually outline the needs of the country and the opportunities to meet them. Using the new term, these must be companion programs, one for the other. The spectrum of issues in science and technological progress is very broad; therefore, it is difficult to manage everything, including minute details, in a centralized manner. What can be done centrally is to determine the most important directions and work in these directions through appropriately selected ways of influencing science in order to secure the desired effect. This problem, i.e. preventing second-rate matters from eclipsing general tasks, was addressed in statements from the floor made by deputies.

[Question] The expected economic results hinge on scientific-technical progress. Yet, there are still many obstacles which impede the implementation of scientific-technical achievements in enterprises. This is not the fault of enterprises, but rather of certain economic and legal arrangements.

[Answer] This is a very complex issue, especially in the environment of disequilibrium in the market. As a Sejm commission, we would strive to ensure that the demand of enterprises for scientific-technical progress is authentic rather than following from appeals and slogans. Arrangements facilitating the expected symbiosis of industry and science and technical progress are now being created, and we welcome them with our great approval. However, at the same time we are very cautious in expectations of results from the impact of these mechanisms. We will watch them closely. We want to bring about a situation in which the suggested instruments of influencing industry, with regard to bringing it and its products up to date, will be accompanied by studies projecting their consequences.

9761

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## CONGRESS DELEGATE DEFENDS WORKER SELF-MANAGEMENT

Warsaw RZECZPOSPOLITA in Polish 11 Jun 86 p 3

[Interview with Kazimierz Gralak, electrical foreman in the Municipal Transportation Establishments in Warsaw, by K. Szczesniak]

[Text] Kazimierz Gralak, age 42, secondary technical education, electrician, is a foreman in the Municipal Transportation Establishments in Warsaw. He has been a party member since 1963 and is now the PZPR Factory Committee first secretary.

[Question] K. Szczesniak: Has there been a perceptible growth in democracy within the plant between the party's Ninth Congress and the approaching 10th Congress?

[Answer] Kazimierz Gralak: Without a doubt the resolutions of the Ninth Congress, which declared itself to be in favor of worker self-management, had an effect on increasing the participation of workers in the co-management of their home workplaces. The workforce came to believe that decisions are not being made behind their back, contrary to their interests, and that their opinions are not being ignored.

[Question] Can we say that this process has ended?

[Answer] Not at all. We have simply obtained some experience, which we should now put to full use. There should be no retreat from democracy, therefore decisionmaking should be improved. Because the manager, even though he is personally responsible in all important matters, has to consult with or ask for the consent of too many partners.

[Question] Is that how it really is at the Municipal Transportation Establishments?

[Answer] At our place everything has already fallen into place. For a long time now both the self-management and the trade unions are fulfilling their roles correctly.

[Question] And no limitations have been placed on existing authority?



[Answer] That is out of the question. The worker is relaxed under the existing system. He knows that if the manager does not hear him out he can go to the party's factory committee, the trade unions, or the chairman of the self-management, and there he will get support for his justified demands and suggestions.

9295

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## READER ASSAILS 'POLAND 2000' FUND

Warsaw TRYBUNA LUDU in Polish 18 Jun 86 p 4

[Letter to the editor from Boleslaw Janczur, Katowice]

[Text] I believe that the Poland 2000 Fund is unwarranted, for reasons that are both substantive and formal. First of all, the idea itself is in conflict with my view of socialism, whose humanism should come through by ensuring everyone an equal opportunity to establish himself in life.

Second, under our specific socioeconomic conditions, allocating special funds for the youth elite cannot help but have a negative impact on the financing of education as a whole. That the problem of money does not play an insignificant role in this case is shown by the proposal of one of the discussants that an appeal be made to the generosity of "Polonia and Poles living abroad." Which is just one more beggarly gesture.

A somewhat different aspect of this problem, which I do not want to develop, is revealed to us much too clearly in the following statement: "The special-interest clubs [science, sports, social] are treated more as a hobby by the teachers, and the same pertains to the student scientific movement. The workers are not especially interested in reviving it. Through the Fund, for example, we can cause the Ministry of Education and Upbringing, to regard lessons with gifted students to be teaching lessons." Well, we now know from whence this fervor to the Fund stems.

I also believe that young people, who are more generously endowed by nature than others, are able, if they only want, to establish their own springboard for the development of their personality and future career.

The state's care should encompass all youth equally, not just the privileged. We must go forward, but we must all go together, not just the chosen individuals. What is really pulling us down is the universal, almost total, lack of interest on the part of youth in good grades in school and the lack of higher aspirations. To get a diploma and establish oneself financially—that, in general, is the peak of ambition. If we do not change this then no fund will help and there is really nothing to talk about.

I interpret the idea of creating a 'Poland 2000' Fund as an attempt to set up some kind of brain trust of the privileged intellectual elite which stands above the masses of average students who are accustomed only to work hard and efficiently. Perhaps in some isolated cases this would bring scientific or economic profits, but these profits would not compensate for the social losses. I am sure that I am correct. And please forgive me, but something in all of this is very reminiscent of the 1970's.

9295

CSO: 2600/576

## ACADEMIC RECORDS IMPROVE, BETTER 'ATTITUDE' OBSERVED

Warsaw TRYBUNA LUDU in Polish 14 Jul 86 p 3

[Article by Andrzej Skrzypczak: "Is Mediocrity Going Out of Fashion?"]

[Test] In June, summer finals ended in colleges. For those who have managed to meet all requirements and pass all exams, the completion of summer finals indeed amounts to the completion of a year of studies. Those who did not manage on time or flunked will have a second chance in September.

However, a make-up exam is the last resort, according to regulations. Therefore, does it really make sense to postpone the exams until the fall finals?

As recently as the 1984/1985 academic year, every fourth student waited until the fall finals to meet the year's requirements. The result was that one in five had to make up a year or a semester, or got an incomplete.

Statistics from the Ministry of Science and Higher Education show that on the average, out of 100 students, 6 were expelled, 11 were making up a year or were on academic leave and 14 had incompletes. This is not yet the end of the negative balance sheet for the 1984/1985 academic year, since those with a grade point average above 4.5 were as difficult to find as the proverbial needle in a haystack. There were only three such students per 100.

The attitude "let us squeak by another year just barely and trudge on to the diploma with the least effort" was becoming alarmingly popular. Out of the 39,000 graduating students in universities, technology institutes, economic, agricultural and teachers' colleges, as few as 14,000 graduated on time. It should be recalled that delays in graduation place a considerable burden on the national economy.

Chancellor of the University of Warsaw, Associate Prof. Marek Wierzbowski does not yet have a summary of data for the current academic year. He says that discipline in studying has certainly improved. In a university the size of ours, it is not feasible to establish unified requirements valid in all departments. Therefore, the specifics are established by departmental councils depending on the peculiarity of courses and the number of students.



The councils have also established tough criteria, for example, for getting incompletes.

Persistent enforcement of this and other resolutions has resulted in greater discipline. However, adds Chancellor Wierzbowski, I do not believe that the new system of scholarships introduced on 1 October 1985 with a view to rewarding good students is much of an incentive for the weak ones. On the other hand, it can motivate good students to achieve even better results.

The view of the Chancellor Associate Prof Jan Mityk of the Kielce Teachers' College is decidedly optimistic. He states that the results of the winter finals show that the new scholarship system has already had a favorable impact.

For example, 92 percent of the students at the department of humanities and 98 percent at the pedagogical department completed winter finals on time. There were more excellent and good grades than in the previous academic year.

My interlocutor adds that he can also tentatively confirm the presence of such a desirable environment for going after good grades during the summer finals. Situations when a student getting a satisfactory grade would ask for a make-up exam in order to prepare better and get a higher grade used to be a rarity; now they are increasingly frequent.

Associate Prof Szymon Godnicki, chancellor of the Higher School of Agriculture in Poznan talks about the expected outcome of finals with great caution.

After all, the initiatives of students regarding the format of the academic year and requirements which did not occur before, show the interest of students in securing a higher grade point average. However, numerous classes still postponed receiving some credit and taking exams until the make-up finals.

As the tentative views of the chancellors responsible for student training suggest, the situation is highly differentiated. However, we can call it cautious optimism. Let us hope that the final results of the academic year will not cause a downward revision in the expected increased interest of students in studying.

Completion of courses on time will definitely become more common. Elimination of the opportunity to take a B.A. exam within 2 years of completion of the senior year without necessarily resuming enrollment is a factor in this matter.

The number of B.A. theses defended as early as June has markedly increased compared to previous years. This also suggests that "professional students" will no longer be a fixture in colleges.

Returning to the incentives for students to study better, we should address at least one more fundamental issue. If outstanding graduates are not appreciated by enterprises which thus far prefer the mediocre and pliable .pa

ones, their more extensive knowledge and better skills, developed through above-average effort, will be an exercise in futility.

Therefore, pursuant to the resolution of the 24th PZPR CC plenum, it is imperative to develop "improved guidelines for placing college graduates in specific fields and enterprises (...) so that their records during studies become the basis for the referral by the school to specific work and positions".

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